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IN THE

# Supreme Court of the United States

October Term, 1968

No. 50

LEAR, INCORPORATED,

*Petitioner,*

JOHN S. ADKINS,

*Respondent.*

On Writ of Certiorari to the  
Supreme Court of California.

## REPLY BRIEF FOR PETITIONER.

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IN THE  
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LEAR, INCORPORATED,

*Petitioner,*

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*Respondent.*

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On Writ of Certiorari to the  
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**REPLY BRIEF FOR PETITIONER.**

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**Introductory Statement.**

Adkins' lengthy brief, instead of bringing into focus the basic issues involved, has been directed toward a confusion of such issues. Such confusion has been created by the making of numerous unwarranted critical assumptions of fact which are completely at variance with the record, and, in large measure on the basis of these assumptions, by distorting the nature of the legal issues before the Court. This confusion has been augmented by a fourteen-question purported "restatement" of the four fundamental questions presented and argued in Lear's brief.

As an aid to the Court, we have annexed, in tabular form, as Annex I, to which reference will from time to time be made, a comparison of the Questions Pre-



sented as stated by Lear and as restated by Adkins. As will become evident in this reply brief, a number of such questions misstate the issues presented by Lear's questions or are not even relevant to the issues in this case.

Adkins has sought to confuse the questions before the Court (a) by distorting the relationship between the parties and misstating the basic nature of their agreement, (b) by glossing over the fundamental issue of patent misuse raised by the lower court's interpretation of the license agreement and basing his argument on common law rights and not on patent rights, (c) by attempting to change the issues presented in Lear's challenge of the doctrine of licensee estoppel from issues based upon patent rights governed by federal law to issues based upon the common law governed by state law, and (d) by misstating essential facts which critically affect the issues of patentability, validity and infringement.

In this reply brief we shall first seek to clarify these matters. We shall then comment upon Adkins' effort to have this Court reconsider whether substantial federal questions were properly raised below. We shall also discuss two new issues raised by Adkins, one of which seeks to support a future cut-off date for the payment of royalties to Adkins even if further judicial consideration of the validity of Adkins' patent confirms the holding as to its invalidity, as a matter of law, which has already been made by the California Superior Court, and the other of which seeks to resurrect the second cause of action based upon common law rights.

Point II of Adkins' brief urges the Court to hold that, contrary to Lear's Point I, the California Supreme

Court's implied restrictions on Lear's right to terminate the license agreement results in no misuse of patent rights and that accordingly the agreement is not unenforceable.

- Point III of Adkins' brief urges the Court to hold that, contrary to Lear's Point II, the doctrine of licensee estoppel does not conflict with the patent laws or antitrust laws, but is essential as a matter of public policy and under the patent laws.

In each instance, Adkins' argument distorts the relationship of the parties and misstates the nature of the license agreement in a manner which demonstrates a lack of concern for the record and for the specific issues which were before the courts below.

Contrary to the image created by Adkins' brief,<sup>1</sup> there is nothing in the record to support Adkins' allegation that his employment was at a "nominal salary . . ." below that normally paid to employees holding similar positions<sup>2</sup>, or that it was Adkins' disclosure of his invention to Lear's Grand Rapids Division which prompted the development of the Michigan steel gyros,<sup>3</sup> or that the California Model 2156 gyro, which was developed by Adkins, was a significant advance in gyro design<sup>4</sup> or that the 1955 license agreement, on which

<sup>1</sup>R.Br. 8, 9 and 13.

<sup>2</sup>The trial court refused to permit the introduction of any evidence concerning the employment status of Adkins on the ground that it was irrelevant and immaterial to the cause of action based on the license agreement (R.T. 212, line 24; R.T. 215, line 21). To support his contention that he was paid only a nominal salary, Adkins cites (Dep. 194). Apparently this refers to a deposition which never became part of the record before the California courts and which is not part of the record before this Court.

<sup>3</sup>R.Br. 13.

<sup>4</sup>R.Br. 12, 13.

is based the cause of action which was before the California Supreme Court, was "envisioned" by Lear as a means of "avoiding its far broader obligation" under the 1951 letter agreement.<sup>5</sup>

On the contrary, as shown by the record, Adkins was a full-time employee<sup>6</sup> of Lear from 1952 to 1958 and worked with several other Lear employees in designing and developing the California Model 2156 gyro;<sup>7</sup> the bearing mounts for the California Model 2156 gyro had to be redesigned by others before it could be placed in production;<sup>8</sup> the Michigan steel gyros, as found by the trial court and admitted by Adkins, were developed independently of Adkins who had nothing to do with the design and development of the elements or the configuration of the elements that make up the apparatus for supporting bearings in the Michigan steel gyros;<sup>9</sup> the California Model 2156 gyro, which was developed by Adkins and other Lear employees, was an insignificant advance in gyro design which attracted relatively minor sales for sophisticated military equipment;<sup>10</sup> and other companies produced competitive gyros.<sup>11</sup>

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<sup>5</sup>R.Br. 15.

<sup>6</sup>A-I. 6, 40.

<sup>7</sup>R.T. 309-312, 1084, 1694, 1698, 2430, 2431, 2437, 2456 & 2465.

<sup>8</sup>R.T. 1097-1100, 2332-2341.

<sup>9</sup>The trial judge expressly held that the Michigan steel gyros were developed independently (A-I. 75); Adkins himself stated that he had nothing to do with their development (R.T. 550-552; 1710-1711; 2085-2088); and Lear's project engineer in Michigan stated that he developed the Michigan steel gyros independently of Adkins using "old art" which had been known for many years (A-II. 117, Ex. Y, R.T. 1789).

<sup>10</sup>Sales of the California Model 2156 gyro amounted to less than 2% of Lear's gyro sales (A-I. 73):

<sup>11</sup>R.T. 1774.

Furthermore, the license agreement, which is depicted by Adkins as the result of overreaching on the part of Lear, was in fact the result of three years of negotiation in which, as held by the California Supreme Court, both parties were represented by counsel (A-I.174). Adkins' statement to the contrary<sup>12</sup> is pure fiction.

Fundamental also in the arguments urged by Adkins in support of the enforceability of the license agreement, despite Lear's restricted right of termination, and in Adkins' support of the doctrine of licensee estoppel, is his reliance on the letter agreement of December 29, 1951 (A-II.161). Thus, his brief states that this letter agreement is of "extreme importance to the issue of licensee estoppel",<sup>13</sup> but Adkins' brief mentions only by footnote that the agreement was not admitted in evidence.<sup>14</sup> The trial court specifically ruled that the letter agreement was inadmissible as irrelevant and immaterial, and the court excluded testimony with respect to the letter agreement.<sup>15</sup> That agreement was obviously so indefinite as to be unenforceable. Some indication of the significance of the 1951 agreement is evidenced by the fact that it was mentioned only in passing by the California Supreme Court (A-I.170).

Additionally, implicit in much of Adkins' argument and explicit in his "restated" questions 3 and 6 is a distortion of the nature of the 1955 license agreement as a royalty agreement founded upon the disclosure of a "secret idea, discovery and invention."<sup>16</sup> On this er-

<sup>12</sup>R.Br. 15.

<sup>13</sup>R.Br. 5.

<sup>14</sup>R.Br. 8.

<sup>15</sup>R.T. 295, 2455.

<sup>16</sup>R.Br. 29, 38, 44, 49, 56, 78, 84.

roneous premise, Adkins argues that the enforceability of the license agreement is purely a matter of state law based upon alleged common law rights. He therefore concludes that, even as construed by the California Supreme Court, the agreement involves no questions as to patent misuse (Point II-B), and that, regardless of the significance of federal patent policy, Lear "by its bargain" was estopped to challenge the patentability of the claims of the application (Point III-E).

The record shows that secrecy could not have existed because the gyros were never classed as secret, the California Model 2156 gyros were developed by Adkins while working as an employee of Lear along with other employees of Lear,<sup>17</sup> and both the California Model 2156 gyros for the MA-1 compass and the Michigan steel gyros were already being manufactured and sold when the license agreement was consummated in 1955.<sup>18</sup>

Moreover, common law rights in a "secret idea, discovery and invention" and patent rights are mutually exclusive. Such common law rights depend upon secrecy, whereas patents are based upon disclosure of the invention to the public.

The concept of the nature of the license agreement which Adkins argues before this Court finds no support even in the opinion of the California Supreme Court, for, as that court recognized (A-I.181-182), although the license granted under Section 2(a) of the agreement was a license to manufacture products covered by or containing Adkins' "inventions," such "inventions" were specifically defined, in Section 1(d) of

<sup>17</sup>R.T. 309-312, 1084, 1694, 1698, 2430, 2431, 2437, 2456, 2465.

<sup>18</sup>A-II:16, Ex. 8 §17, R.T. 296; Ex. 35, R.T. 503.



the agreement, as "all claims and inventions disclosed or intended to be disclosed in said Exhibit B [Adkins' patent application], . . . *but only to the extent that such claims or inventions mentioned in said Exhibits are patented or patentable by Adkins.*"<sup>19</sup> (Emphasis supplied.) The patentability of the claims of Adkins' application was at the heart of the license agreement. Such an agreement is clearly not an agreement as to which the only relevant considerations are those of state law.

Finally, in Points V and VI of Adkins' brief, on the issues of validity and infringement, which may be considered as matters of law under the circumstances of this case, Adkins attempts to make simple issues difficult, and attempts to make them appear as questions of fact. Adkins further attempts to mislead this Court by stating, in many places in his brief with respect to the testimony and evidence, that they are uncontradicted in support of his position. For example, on the basic issue under the license agreement as to whether Lear's products use a patentable or patented invention of Adkins, Adkins asserts that the evidence is uncontradicted in support of his position that angular tilt accomplishes alignment in Lear's Michigan steel gyros.<sup>20</sup> This is a gross misstatement, as the evidence is uncontradicted that angular tilt does not accomplish alignment in Lear's Michigan steel gyros. In fact, Adkins himself put a document in evidence which shows the falsity of his assertion before this Court. His Exhibit 59 (R.T. 1865) states:

" . . . (T)he Grand Rapids method (used in the Michigan steel gyros) does not require any rocking action (angular tilt) for alignment".

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<sup>19</sup>A-II.3, Ex. 8, R.T. 296.

<sup>20</sup>R.Br. 128.

Furthermore, Adkins himself testified that the alignment in the Michigan steel gyros is accomplished by the placing of the bearing cups on the mandrel<sup>21</sup> so that obviously angular tilt has nothing to do with accomplishing alignment in the Michigan steel gyros.

The above represents only one of the many misleading statements by Adkins as to what the record shows. Every assertion by Adkins as to what the record shows must be scrutinized for credibility.

I.

**ADKINS PRESENTS NO GROUNDS FOR  
DISMISSAL OF THE WRIT.**

In question No. 1 of his "restated" questions Adkins seeks to have this Court consider *de novo* whether the Questions Presented were raised below, so as to give this Court jurisdiction under 28 U.S.C. §1257(3). Adkins' related argument in Point I is based upon his "restated" questions, rather than on the Questions Presented, as originally stated by Lear, which were the basis for its Petition.

As shown in Annex I, Adkins' questions 3 and 6 are unrelated to the issues involved here.<sup>22</sup> These two questions are concerned with purported common law rights in the invention, rather than upon rights in the invention to the extent that it is patentable, as required by the circumstances of this case and as set forth in Lear's questions. Furthermore, Adkins' questions 8 and 14 relate to subsidiary issues, specifically raised for the first

<sup>21</sup>R.T. 2489, 2491, 2493.

<sup>22</sup>Adkins restated question 6 on page 3 is mistakenly identified as question 7 by Adkins in his argument of Point I on page 41. Similarly, Adkins restated questions 5 and 7 on pages 2 and 3 are mistakenly identified as questions 6 and 8 on pages 40 and 41.

time by Adkins. Argument addressed by Adkins to whether these four questions were raised below is irrelevant because Lear did not include them in the Questions Presented in its Petition.

Adkins recognizes that his questions Nos. 9, 10 and 11 were timely raised as federal questions in the California courts. However, he now asserts for the first time that they are not substantial federal questions. This will be considered in sub-section D below with reference to Lear's questions 4(a) and 4(b).

With reference to his questions 12 and 13, Adkins does not argue that they were not timely raised below, but rather he asserts that they are not within the Questions Presented. This will be considered in sub-sections C and D below with reference to Lear's questions 3 and 4(b).

Adkins' questions 2, 4, 5, and 7, as shown on Annex I are similar to Lear's questions and are related to the issues here involved. The argument in Point I of Adkins' brief which seeks to show that these "restated" questions were not raised below merely present in another form the arguments urged by Adkins in opposition to Lear's Petition, and will be considered in sub-sections A and B below.

Adkins fails to recognize that a party may not seek dismissal of certiorari previously granted by merely repeating arguments previously made in opposition to a grant of the writ, but must present considerations not apprehended at the time of such grant. To quote Mr. Justice Stewart, concurring, in *Sentilles v. Inter-Caribbean Shipping Corporation* (1959), 361 U.S. 107, 111:

"Yet under our rule, when four members of the Court vote to grant a petition for certiorari, the

case is taken. If this rule is not to be frustrated, I can, as presently advised, see no escape from the duty of considering a case brought here on the merits, unless considerations appear which were not apprehended at the time certiorari was granted."

(See also, *Rice v. Sioux City Cemetery* (1954), 349 U.S. 70, 78, and *Needelman v. United States* (1960), 362 U.S. 600.)

Some instances in which, after entertaining argument on the merits, the Court has found that matters which were not apprehended at the time certiorari was granted call for dismissal of the writ, are given in Stern & Gressman, *Supreme Court Practice*, 190 §5-16, 3rd Edition, 1962. To the extent that Adkins at this time merely repeats arguments unsuccessfully advanced in his brief in opposition to Lear's Petition, he provides no basis for such a finding in this case. However, we shall respond briefly below to Adkins' assertions as to Lear's alleged failure to raise below the four basic questions presented in Lear's Opening Brief.

**A. The Restrictive Termination Condition in the License Agreement Is a Patent Misuse (Question One of Lear's Opening Brief and Question Three of the Petition).**

Adkins' attempt to show Lear's failure to raise this issue in a timely manner is directed toward its alleged failure to raise Adkins' question 2 and appears under Part I of his Brief at pages 37-38. His Brief merely repeats the arguments unsuccessfully advanced under Item 2 (pp. 6-7) and Item 5 (p. 9) of Adkins' Brief in Opposition to the Petition, and ignores the material

submitted to the Court by Lear in support of the timely raising of Question Three of the Petition, which appears at pages 18-19 of the Petition itself. Therefore, this repeated argument need not be considered.

**B. The Impropriety, Under the Federal Patent and Antitrust Laws, of the Doctrine of Licensee Estoppel (Questions Two and Two (a), (b) and (c) of Lear's Opening Brief and Questions One, Two and Three of the Petition).**

Adkins' attempt to show Lear's failure to raise in a timely manner the issues involved in these questions is directed in part toward Lear's alleged failure to raise below Adkins' question 4, and appears under Part I of his Brief, at pages 39-40. Such attempt is also directed toward Lear's alleged failure to raise below Adkins' question 7, and, appears under Part I of his Brief, at page 41 (where Adkins' Question 7 is erroneously identified as his question 8). Adkins' argument at these pages substantially repeats his argument appearing under Item 1 (p. 6) and Item 4 (p. 8) of his Brief in Opposition to the Petition, and ignores the material submitted to the Court by Lear in support of the timely raising of these questions, which appears at pages 10-17 of the Petition itself.

Adkins designated certain small portions of the record for printing in Appendix I, on the basis of which he now attempts to show that Lear failed to raise a federal question below concerning estoppel to contest validity. For example, Adkins designated the portion of Lear's "Opening Brief . . . With Respect to the 2156 Gyroscope" in the California courts that relates to termination of the license agreement (A-I.86-111), and he



seeks to show failure to raise a federal question by reference to Lear's argument on the issue of termination of the license agreement in accordance with its terms. However, when taken in context with the preceding portions of that brief (see pp. 19-38 which immediately precede pp. 39-64 designated by Adkins), it is apparent that termination of the agreement was only one of several grounds urged by Lear as giving it the right to contest the validity of Adkins' patent, and that Lear's Point I in that brief contested validity without tying it to the issue of termination, on the broad ground that "Plaintiff's Patent Fails to Meet the Constitutional Standard Required for Patentability."

**C. The Establishment by the Record as a Matter of Law of the Unpatentability of the Claims of the Application and of the Invalidity of the Patent (Question Three of Lear's Opening Brief, Subsidiary to Questions Two and Two (a), (b) and (c) of the Brief and Questions, One, Two and Four of the Petition.)**

As shown by Annex I, the counterpart of Lear's question 3, which raises the issue stated above, is Adkins' question 12. That question is objectionable in that it assumes that a determination by this Court of unpatentability and invalidity requires reconsideration by this Court of every factual and legal issue in the record relating to those matters. As pointed out in Section IV below and also at pages 49 to 60 of Lear's Opening Brief, no broad reexamination of all factual material in the record is required where, as here, prior art patents alone, establish invalidity as a matter of law. *Graham v. John Deere Co.* (1966) 383 U.S. 1.

Regardless of the unwarranted assumption inherent in his "restated" Question 12, Adkins, of course, does not urge that Lear failed to raise below in a timely manner the federal issues presented by its Question 3, namely, the unpatentability of Adkins' claims and the validity of his patent. His challenge of the Court's consideration of questions of patentability and patent validity is based on a mistaken reliance on Rule 23-1(c). As appears from pages 42-43 of Part I of his Brief, and pages 87-88 of Part V thereof, Adkins argues, erroneously we submit, that the issues of patentability and validity presented by Question 3 of our opening brief are not, in conformity with the requirement of Rule 23-1(c), "fairly comprised" in Questions One, Two and Four of the Petition. Those questions raised various aspects of the basic issue whether the California Supreme Court was in error, by its application of the doctrine of licensee estoppel, in its refusal to review the determination of unpatentability and invalidity made on a full record by the California Superior Court, and were restated as Questions Two and Two(a), (b) and (c) of Lear's opening brief. Certainly, where the application by a state's highest court of the doctrine of licensee estoppel has resulted in a refusal to review the trial court's determination of patentability and patent validity, such patentability and validity are considerations fairly comprised within and are subsidiary to a challenge by Lear of the state court's erroneous application of that doctrine.

**D. The Ignoring by the Court Below of Basic Criteria of Federal Patent Law in Enforcing a Patent Under a License Agreement (Questions Four (a) and (b) of Lear's Opening Brief and Question Five of the Petition).**

As shown by Annex I, the counterparts of Lear's questions 4(a) and (b), which are addressed to the issues stated above, are Adkins' "restated" questions 9, 10, 11 and 13, provided the misstatements concerning the issues are disregarded.

Adkins recognizes that the court below gave lip-service to criteria of federal patent law applicable to the procurement of Adkins' patent and to the determination of the scope of the claimed invention and whether the claims of the patent were infringed by the Michigan steel gyros. However, he now seeks dismissal of the Writ (at pp. 41-42 of his Brief) on the ground that the failure of the court below, no matter how egregious, to apply those criteria raises no substantial federal question.

No such argument was made by Adkins in his Brief in Opposition to the Petition. On the contrary, that brief at pages 33-35 opposed the grant of the Writ on the ground that the court below had properly applied the requisite criteria of federal patent law, not on the ground that no substantial federal question was involved. Adkins now makes no effort to bring to the attention of the Court any "considerations bearing on the issues relevant to the proper application of basic criteria of federal patent law" which "were not apprehended" at the time certiorari was granted.

A basic issue which is directly involved in the enforcement of a patent under an agreement is the ascertainment of what infringes the patent in order to determine the products upon which royalties should be paid under the agreement. The enlargement of the scope of a patent by a state court to encompass products (e.g. Lear's Michigan steel gyros) which do not meet the tests for infringement under the federal patent laws, raises a substantial federal question.

Any enlargement of patent rights beyond the limits of federal patent law, whether by private agreement or by application of state law, has been condemned by this Court. *United States v. Masonite Corporation* (1942), 316 U.S. 265; *Precision Instrument Manufacturing Company v. Automotive Maintenance Machinery Company* (1945), 324 U.S. 806; *Scott Paper Co. v. Marcalus Manufacturing Company, Inc.* (1945), 326 U.S. 249; *Sears, Roebuck & Co. v. Stiffel Company* (1964), 376 U.S. 225; *Brulotte v. Thys Company* (1964), 379 U.S. 29.

Clearly, the limited scope of the consideration given by the Court, in the only case cited on this point by Adkins,<sup>23</sup> to the proper application by a state court of the state's rules of criminal procedure, provides no basis for a conclusion that the failure of the court below to apply basic federal criteria in the enforcement of a patent involved no substantial federal question.

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<sup>23</sup>*Beck v. Washington* (1962) 369 U.S. 541, 551-555, cited at page 42 of Adkins' Brief.

steel gyros which constitute more than 98% of the products involved here,<sup>28</sup> and because Lear is estopped from contesting the validity of Adkins' patent which as a matter of law has been adjudicated invalid by the only court that has considered that issue.<sup>29</sup>

### III.

**ADKINS' ARGUMENTS CONCERNING LICENSEE ESTOPPEL ARE BASED UPON THE ENFORCEMENT OF PURPORTED COMMON LAW RIGHTS UNDER STATE LAW, AND THEY AVOID THE ISSUES OF FEDERAL LAW THAT ARE BEFORE THIS COURT.**

Adkins' Points III-B, C and D are directed to various general public policy considerations which the Government and Lear have urged call for rejection of the doctrine of licensee estoppel. Points III-E, F and G, on the other hand, are directed to the particular circumstances here involved which Lear has urged are such as to require that such doctrine be rejected in any event in this case.

Adkins' questions concerning licensee estoppel are similar to Lear's questions, with the exception that Adkins has no question corresponding to Lear's question 2(c) and the further exception that Adkins' question 6 does not relate to the issues of this case.<sup>30</sup>

In Section A below, of this Section III of our brief, we shall seek to correct certain basic errors in Adkins'

<sup>28</sup>A-I. 73.

<sup>29</sup>A-I. 81.

<sup>30</sup>As shown on Annex I, Adkins' questions 4, 5 and 7 are similar to Lear's questions 2, 2(a) and 2(b). Adkins' question 6 is based upon rights in an invention regardless of patentability and hence does not relate to the issues of this case.



arguments directed to general public policy considerations.

In Section B we shall seek to correct certain of his statements directed to the particular circumstances of this case.

At the outset, however, we point out that in his Point III-A Adkins, although purportedly directing his argument to the general policy underlying the licensee estoppel doctrine, in fact addresses himself to the particular circumstances of this case. He does so by arguing<sup>51</sup> that a valid patent was not a part of the bargain between Lear and Adkins. In Section B below, we shall show that, on the contrary, the patentability of Adkins' invention was at the heart of Lear's agreement with him. Even if this were not so, the unexpressed premise of Adkins' argument is that, regardless of whether the doctrine of licensee estoppel contravenes the patent and antitrust laws, the parties may by agreement preclude the licensee from challenging the validity of his licensor's patent. Such a result would, contrary to this Court's holding in *Pope Mfg. Co. v. Gormully* (1892) 144 U.S. 224, permit the parties by agreement to circumvent the very policies of the patent and antitrust laws, which, for reasons expressed by the Government and Lear in our opening briefs, militate against any such estoppel of the licensee.

#### A. The Broad Aspects of Licensee Estoppel.

Adkins, in Point III-B of his brief, enunciates as a basis for licensee estoppel a "public policy in favor of enforcing contracts", which he urges is evidenced by *Kelly v. Kosuga* (1959) 358 U.S. 516. However,

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<sup>51</sup>R. Br. 56.

Adkins ignores an equally strong public policy which, consistently with that case and entirely apart from special patent policy considerations, requires performance of a bilateral contract by one party only where the consideration specified under the contract is actually furnished by the other party, and always permits either party to show failure of consideration in defense of his own nonperformance. In the *Kelly* case, the seller had received the goods which he had bargained for, but refused to make payment for them. On the contrary, Lear as licensee under an invalid patent has received nothing. The fallacy in Adkins' argument is his assumption that the statutory presumption of validity results in a conclusive presumption of the validity of such patent as between any patentee and his licensee, thereby foreclosing the defense of failure of consideration in all contracts involving patents.

In Point III-C, Adkins bases his argument on the broad aspects of the law concerning licensee estoppel<sup>32</sup> upon *Automatic Radio Mfg. Co. v. Hazeltine Research* (1950), 339 U.S. 827. He asserts that the decision in that case stands for the proposition that licensee estoppel should apply under state contract law unless the doctrine is being used to enforce some misuse or extension of the patent grant.<sup>33</sup>

However, the application of licensee estoppel under state law by the California Supreme Court prevents the ascertainment of a federal question of law (i.e., whether Adkins' patent meets the Constitutional standard for patentability), *Great A & P Tea Co. v. Supermarket Equipment Corp.* (1950), 340 U.S. 147; *Graham v.*

<sup>32</sup>R.Br. 63-73.

<sup>33</sup>R.Br. 68, 69.

*John Deere Co.* (1966), 383 U.S. 1, thereby thwarting the policy enunciated in *Sears, Roebuck & Co. v. Stiffel Co.* (1964), *supra* that uniform federal standards must be applied under the patent system.

Adkins recognizes the need for distinguishing *Sears, Roebuck & Co. v. Stiffel Company* (1964) *supra*, and the companion case of *Compco Corp. v. Day-Brite Lighting Inc.* (1964) 376 U.S. 234, but he does so on the very limited ground that these cases are applicable only if there is a holding of invalidity, at which time the patented device falls into the public domain. Even that distinction is of little significance because Adkins' patent has been held invalid by the Superior Court of California, the only court which has considered that question, and that holding has not been disturbed. Adkins erroneously described that court's determination of the invalidity of Adkins' patent as a nullity.<sup>84</sup> He disregards the fact that the case on which he relies, *Ponce v. Marr* (1956) 47 Cal. 2d 159, holds only that it is the decision of the intermediate court of appeal which, under the laws of the State of California, is rendered a nullity when a case is transferred from that court to the California Supreme Court. In the case at bar, the intermediate court of appeal did not consider the question of validity of Adkins' patent.

In support of his contention that the *Automatic Radio Mfg. Co.* case is consistent with other decisions of this Court, Adkins asserts<sup>85</sup> that the defendant was estopped from contesting validity in both *Scott Paper Co. v. Marcalus Manufacturing Co.* (1945), *supra*, and *Westinghouse Elec. & Mfg. Co. v. Formica*

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<sup>84</sup>R. Br. 69.

<sup>85</sup>R. Br. 68.

II.

**ADKINS IGNORES THE BASIC ISSUES OF MISUSE OF PATENT RIGHTS AND CONTRAVENTION OF THE POLICY OF THE ANTITRUST LAWS BY BASING HIS ARGUMENT ON COMMON LAW RIGHTS AND NOT ON PATENT RIGHTS.**

Lear's Point I and the related question No. 1 of the Questions Presented assert that the construction of the license agreement to condition the right of the licensee to terminate the license, either before or after the patent issues, upon the cessation of manufacture of products purportedly covered by the license agreement is a misuse of patent rights and contravenes the policy of the antitrust laws.

Adkins' Point II glosses over and in effect ignores the basic issue of misuse of patent rights and contravention of the policy of the antitrust laws by basing his argument upon purported common law rights in an allegedly secret invention, rather than upon rights in inventions to the extent that they are patented or patentable, which is the express subject of the license agreement.<sup>24</sup>

Adkins' argument is with respect to his questions Nos. 2 and 3. Although his question No. 2 is similar to Lear's question No. 1, the related argument (Point II-A)<sup>25</sup> is directed to common law rights in the invention without regard to the rights and obligations of the parties based upon inventions that are patented or patentable (See Annex I, *infra*).

Adkins' question No. 3 is expressly based upon common law rights in an idea, discovery and invention, and

<sup>24</sup>A-II.3, 4; Ex. 8 §§1(d), 2(a); R.T. 296.

<sup>25</sup>R.Br. 44-48.

it raises issues not involved here (See Annex I, *infra*). His argument (Point II-B)<sup>26</sup> concerning this question is not relevant.

Common law rights in unpatented or unpatentable inventions are not involved in the issues of this case, and such rights could not have existed under the circumstances of this case, as discussed above in the Introductory Statement.

Such common law rights are the subject of paragraphs XVI, XVII and XVIII of the complaint (A-I. 9) under Adkins' second cause of action. The California courts dismissed that cause of action (A-I.85, 212, 213) and based their decisions solely upon the license agreement.

In addition to asserting common law rights, Adkins asserts that there is no restraint of trade because all that Lear is required to do is pay royalties if it chooses to use Adkins' invention. However, this fails to take into consideration the subject matter of the agreement and the condition required for termination.

The California Supreme Court held that the license agreement requires that Lear either pay royalties irrespective of the validity of Adkins' presumed patent rights, or discontinue the manufacture of products allegedly covered by such patent rights, including products developed by Lear subsequent to execution of the license agreement, and even before issuance of the patent.

Adkins' premise that the California Supreme Court held only that all Lear is required to do is pay royalties if it chooses to use Adkins' invention, ignores the basic issues of patent misuse and restraint of trade that are

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<sup>26</sup>R.Br. 49-52.



before this Court. For example, the licensees were required to pay royalties if they chose to use the licensed invention in the cases of *Brulotte v. Thys Co.* (1964) *supra*; *American Securit Company v. Shatterproof Glass Corp.* (3rd Cir. 1959) 268 F.2d 769; *National Lockwasher Co. v. Garrett* (3rd Cir. 1943) 137 F.2d 255; and *McCullough v. Kammerer Corporation* (9th Cir. 1948), 166 F.2d 759. Yet, in each of these cases the courts held that the agreement contained provisions that extended patent rights beyond their legitimate scope, and either the agreement or the patent was held to be unenforceable because of misuse of the patent rights.

The requirement that Lear pay royalties for patent rights that had not yet been granted (and which might never be granted) or cease manufacturing the devices purportedly covered by claims of the patent application which had not been allowed, is an unlawful attempt to exert rights before they came into existence. In accordance with the construction of the agreement by the California Supreme Court, the license agreement provides exclusionary rights with respect to Lear which had not been granted by the Patent Office. The requirement that Lear must discontinue manufacture of the devices of the agreement in order to terminate it before any patent has issued cannot be based upon any rights of Adkins under the patent laws. It therefore constitutes an abuse of patent rights in accordance with prior decisions of this Court, and also an unlawful restraint on Lear which renders the agreement unenforceable under 15 U.S.C. §1.

Lear is not attempting to keep both the invention and the royalties, as Adkins asserts. Lear endeavored to re-

linquish its rights under the license agreement so that all of Adkins' rights in the invention under the patent laws would revert to Adkins. Under such circumstances, Adkins would own whatever rights he has in the invention under the patent laws outright without the encumbrance of the license to Lear. Adkins would then be free under the patent laws to enforce his patent against Lear or any other alleged infringer.

Adkins argues that there is no violation of 28 U.S.C. §1498 because Lear has not been enjoined from manufacturing the products for the Government and because the statute does not prohibit the payment of royalties under a license agreement. However, the purpose of Section 1498 is to permit use by the Government of all inventions, without possible interference by injunction, and to protect the Government and its suppliers against payment of royalties on specious patents. Under 28 U.S.C. §1498, the Government and its suppliers are faced with the alternatives of paying royalties or showing that the patent is invalid. Neither the supplier nor the Government can be required to discontinue manufacture of the products under any circumstances. Under Adkins' argument, Lear and the Government are faced with the alternatives of discontinuing the manufacture of the products or paying royalties on a specious patent. The requirement that Lear cease manufacturing the products or pay royalties regardless of the validity of the patent contravenes the purpose of this statute and is against the public interest.

These alternatives are particularly onerous under the circumstances of this case because Adkins had nothing to do with the design or development<sup>27</sup> of the Michigan

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<sup>27</sup>A-1. 75.

*Insulation Co.* (1924), 266 U.S. 342. These cases really support Lear's contention and do not support Adkins' contention. In *Scott Paper Co.* the Court refused to estop the assignor. In *Westinghouse Elec. & Mfg. Co.* the Court questioned estoppel as applied to the claims of a patent application, but found it unnecessary to decide that issue.

In *Scott Paper Co.* the Court found that the accused device was precisely that of an expired patent, and hence the patent laws prohibit any application of estoppel. Adkins asserts that Lear is not prejudiced by licensee estoppel because under the *Scott Paper Co.* case Lear can avoid liability if it can show that it is building the gyros solely according to the teachings of a single prior art patent. Adkins asserts that this also shows that the Government is wrong when it says, at pages 15-16, that the estoppel doctrine forecloses Lear's "free use of a technology" which is in the public domain.<sup>86</sup>

The technology covered by a patent claim may be broader in scope than the particular arrangements shown in a particular patent by several orders of magnitude. This is because a patent claim defines the metes and bounds of the patent grant in broad language so as to give the patent the widest scope permissible, whereas the particular arrangements disclosed in the drawings and specification of a patent only need to merely illustrate how to practice the invention. 35 U.S.C. § 112. The technology covered by a patent claim covers all ways of practicing the invention, whereas the technology covered by the drawings and description is limited to what is shown for illustrative purposes only.

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<sup>86</sup>R. Br. 68.

Moreover, even though a device does not follow a prior art patent exactly, it may not satisfy the requirements for patentability over the prior art so as to be covered by the claim of a valid patent. This is because all of the prior art is relevant to the issue of patentability, whereas only a single prior art patent is relevant to the issue of whether or not it is followed exactly.

In *Graham v. John Deere Co.* (1966), *supra*, this Court pointed out that 35 U.S.C. §103 emphasizes that to satisfy the requirements for patentability the subject matter must not be obvious in view of the prior art. This test of patentability is markedly different from the test that Adkins urges, *i.e.*, that Lear must follow a single prior art patent exactly in order to avoid liability, and that Lear is estopped to show that Adkins' claims read on the prior art, or that the subject matter of the claims would be obvious in view of all of the prior art taken collectively.

The test that Adkins urges results in the enlargement of a patentee's rights when the patent is enforced by agreement as compared to a patentee's rights when the patent is enforced apart from an agreement, since in the latter case all of the prior art is relevant, both individually and collectively. However, the public interest requires that a patentee's rights be subject to uniform standards whether under agreement or otherwise.

The rejection of whatever remains of licensee estoppel would be beneficial, and it would not be detrimental as Adkins contends, under Point III D.<sup>87</sup> It would upgrade patents by placing the enforceability of patent rights that are covered by agreements on the same basis

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<sup>87</sup>R. Br. 75.

as the enforcability of patent rights apart from an agreement. Adkins' assertion that this should be a matter for Congress to decide, rather than the courts, ignores the every day requirement that the courts must insure that uniform federal standards are employed by the state courts in all patent matters.

Adkins' brief asserts that Congress has evidenced its approval of licensee estoppel by referring to the fact that some twenty years ago Congress failed to act on various bills which would have amended the Clayton Act so as to prohibit the non-use, assignment or licensing of patents in a manner which would result in an unreasonable restraint of trade and which would have expressly permitted a showing of the invalidity or limited scope of a patent in patent or antitrust litigation.<sup>88</sup> However, this fact in no way supports the conclusion that Congress thereby evidenced its approval of the doctrine of licensee estoppel.

In the first place, the "non-estoppel" section of the bills was purely incidental to the legislative objective. "The heart of the bill[s]"<sup>89</sup>, as stated by their sponsor, Congressman Voorhis, was to prohibit as an unlawful restraint of trade any use or non-use of patent or patent application which unreasonably limits the supply of an article in commerce, as well as any assignment or license of a patent or patent application which carries with it any price restriction. This basic prohibition was implemented by a number of other provisions, including the non-estoppel section.

Furthermore, no report on any of the bills was ever made by any committee to either House of Congress;

<sup>88</sup>R. Br. 76, 77.

<sup>89</sup>89 Cong. Rec. 10916, Congressman Voorhis was referring to H.R. 3874 of the 78th Congress.



and during the only Congressional hearing with respect to any of such bills,<sup>40</sup> at which the basic objectives of the bill were extensively discussed, no witness seriously addressed himself to the question of licensee estoppel.

These Committee hearings, to which Adkins would attach great significance, were directed primarily toward a major amendment of the Clayton Act, were never printed, are not available in either the Library of Congress or the Library of this Court, and can be found only in the Government archives. None of the bills was ever reported out of the Committee or was the subject of floor debate. Adkins' assertion that such legislative history establishes that "Congress unquestionably knew of the existence of the doctrine of licensee estoppel" and evidences "its refusal to abolish" that doctrine is palpably contrary to the facts.

#### **B. Licensee Estoppel Under the Circumstances of This Case.**

With reference to licensee estoppel under the circumstances here, Adkins asserts in Points III A and E that patentability of his purportedly secret invention is irrelevant and should not be subject to review.<sup>41</sup> Thus, Adkins is endeavoring to bring a crucial aspect of this case under the common law relating to his allegedly secret idea, discovery and invention, so as to avoid the policies and provisions of the federal patent and anti-trust laws. A license under patentable claims was the consideration for the agreement, and hence patentability cannot be irrelevant.

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<sup>40</sup>The hearing, held by the House Judiciary Committee in 1945, related to H.R. 97 of the 79th Congress, which was identical with H.R. 3874 of the 78th Congress.

<sup>41</sup>R. Br. 56, 61, 73, 78.

With reference to Lear's Point II.C.(a) concerning failure of consideration, Adkins asserts that patentability or validity are immaterial on the ground that Lear was granted the exclusive right to manufacture "the devices" and this gave Lear such a competitive advantage that the patent rights were unimportant.<sup>42</sup> However, the mere issuance of a patent does not grant the exclusive right to use the invention. The right to use an invention may depend upon other facts, such as the acquisition of rights under a basic patent which dominates the field or the acquisition of rights under patents covering detailed aspects of the device that are not covered by the patent in question. The issuance of a patent merely gives the patent owner or his licensee the right to exclude others from making, using, or selling any invention covered by the claims of that patent. 35 U.S.C. §154.

The mere issuance of a patent does not give the patent owner the presumptive right to exclusive use of the invention, it merely gives the owner the presumptive right to exclude others from using it. If the owner or licensee cannot exclude others from using the invention due to invalidity of the patent, then there is a complete failure of consideration.

Also with reference to Lear's Point II.C.(a) concerning the issue of failure of consideration, Adkins asserts that Lear did not renounce or repudiate the license agreement, but that it merely refused to pay royalties and asserted that it owned the invention so that it could not be sued in the Federal courts for infringement.<sup>43</sup>

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<sup>42</sup>R. Br. 56-58.

<sup>43</sup>R. Br. 80.

Lear's notice of termination, its subsequent refusal to recognize the agreement as being effective, its refusal to pay royalties, and its assertion of failure of consideration in the answer to Adkins' complaint, show that Lear no longer treated the agreement as being in existence (*Crew v. Flanagan*, (1954), 242 Minn. 549, 65 N.W. 2d 878).

Adkins had the right to sue Lear for infringement in the Federal courts, but he elected to sue for breach of contract in the state courts. Lear is entitled to contest validity in the state courts, just as it would be in the Federal courts.

Adkins' assertion that Lear contends that at all times after April 8, 1959, it has owned the invention and cannot be sued in the Federal courts is not supported by his reference to the brief<sup>44</sup> before the California courts, which states:

"Defendant asserted the affirmative defense of release with respect to all matters not covered by the written license agreement of September 15, 1955 [Clk. Tr. p. 1499, line 28, to p. 1501, line 10]. The release document [Clk. Tr. p. 1504] specifically excludes only one item from the scope of the release. This item is the license agreement between the plaintiff and the defendant, i.e., the license agreement of September 15, 1955, which is Exhibit 8 in evidence. Therefore, by the express terms of the document containing the release the only thing excluded from the release were the mat-

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<sup>44</sup>Reply Brief for Lear, Incorporated concerning the Directed Verdict and the Denial of Lear's Motion for Judgment Notwithstanding the Verdict, All With Respect to the 2156 Gyroscope, p. 29.

ters covered by this license agreement. As stated above, the only thing covered by the license agreement were the *patentable inventions* of the plaintiff as defined by claims patentable to Adkins. The license agreement did not cover any unpatentable ideas, discoveries or inventions . . .”

By agreement between the parties, and also by operation of law, Adkins is relegated to his patent rights to the extent that they are valid, and obviously Lear has not contended that it owns Adkins' patent or that it cannot be sued in the Federal courts for infringement of the patent. In fact an action brought by Lear in 1963 is pending in the Federal courts seeking a declaratory judgment of invalidity, unenforceability, and non-infringement of Adkins' patent, and Adkins has counterclaimed for infringement. The action has been stayed pending the outcome of this action, *Lear Siegler, Inc. v. Adkins* (9th Cir. 1964) 330 F. 2d 595.

With reference to Lear's Point II.C.(b) concerning licensee estoppel based upon a patent application which can be altered by amendment, Adkins argues that licensee estoppel is no different where a patent application is involved because, under the circumstances here, Lear received precisely what it bargained for since the patented apparatus falls within the scope of the initial application.<sup>45</sup>

However, this is based upon the finding by the California Supreme Court, which court refused to consider the file history and the doctrine of file wrapper estoppel in construing Adkins' patent (Point V-B herein), which applied a new principle of construction in con-

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<sup>45</sup>R. Br. 82, 83.

travention of the federal patent laws (Point V-C herein), and which found infringement by applying a definition of the Michigan steel gyros that is contrary to mechanics and directly contrary to the uncontradicted evidence, including testimony by Adkins and Adkins' own exhibits (Point V-D herein).

The California Supreme Court relied upon and quoted language that was added by amendment in order to interpret the scope of Adkins' claims to cover Lear's Michigan steel gyros; yet it refused to consider whether or not the language added new matter in violation of the Federal patent laws (A-I.184 n. 19).

With reference to Lear's Point IIA concerning no equitable basis for estoppel, Adkins asserts that the elements of equitable estoppel are present because Lear represented to Adkins that in exchange for the cancellation of the 1951 agreement, Lear would pay royalties until final Patent Office action and thereafter if a patent issued.<sup>46</sup> The license agreement (A-II.1) makes no such representations, and the California Superior Court expressly ruled that no evidence would be received concerning representations by either party leading up to the consummation of the license agreement (R.T. 214-215, 294-295).

Adkins further asserts that licensors enter into license agreements in reliance upon the doctrine of licensee estoppel; and that Adkins did so here.<sup>47</sup> However, any such assertion fails to take into consideration the extent to which the doctrine of licensee estoppel had been restricted by the courts. *Sola Electric Com-*

<sup>46</sup>R. Br. 61.

<sup>47</sup>R. Br. 74.



*pany v. Jefferson Electric Company* (1942), *supra*, *Scott Paper Co. v. Marcalus Mfg. Co.* (1945), *supra*, *MacGregor v. Westinghouse Elec. & Mfg. Co.* (1947), *supra*, and *Katzinger v. Chicago Metallic Mfg. Co.* (1947), 329 U.S. 394. This is particularly true with respect to Adkins because at the time the 1955 agreement was consummated, the latest applicable decision in the California courts was *The Armstrong Company v. Shell Company of California* (1929), 98 Cal. App. 769, where the court stated at page 779:

“ . . . A licensee, if the patents are in fact invalid, may, without waiting to be evicted, denounce and abandon the license, and after giving notice thereof to the licensor, may defend against an action to enforce the license or to recover royalties subsequently accruing, with the same freedom as may a stranger to the patent, and the licensor is remitted to his infringement suit . . . ”

A similar decision was rendered in 1954 (just before the license agreement was consummated between Adkins and Lear) by the Minnesota Supreme Court in *Crew v. Flanagan, supra*, which was discussed in the opening Brief for Petitioner.

Adkins has not responded to Lear's question 2(c) which is discussed in Point II.C(c) of the opening Brief for Petitioner, to the effect that Adkins cannot hide behind the shield of licensee estoppel under state law as a means for perpetrating the unlawful restraint which is imposed by the requirement that Lear discontinue the manufacture of the devices in order to terminate the agreement. Adkins merely states that Lear did not cease manufacturing the devices and hence

there was no restraint of trade. Adkins has not responded to the real issue which is whether the inclusion of a provision in restraint of trade in the license agreement makes it essential that Lear be permitted to contest patentability and validity under the decisions of this Court in such cases as *MacGregor v. Westinghouse Elec. & Mfg. Co.* (1947), 329 U.S. 402, and *Sola Electric Company v. Jefferson Electric Company* (1942) 317 U.S. 173.

#### IV.

**ADKINS' ARGUMENT IN SUPPORT OF THE VALIDITY OF HIS PATENT MISSTATES THE UNDERLYING QUESTIONS OF LAW CONCERNING VALIDITY, AND IT RELIES ON A CONTRIVED INVENTION NOT WITHIN THE CLAIMS OF THE ORIGINAL APPLICATION OR THE CLAIMS OF THE PATENT.**

Subparts C, D, and E of Section V of the Argument in Adkins' brief is addressed to the question of the validity of Adkins' patent. That Section is in response to Lear's question 3 of the Questions Presented as to whether Adkins' patent is invalid as a matter of law,<sup>48</sup> which question is comprised in and subsidiary to Lear's challenge of the application of licensee estoppel.

In an attempt to change the issues of patentability and validity as a question of law under Lear's question 3, Adkins argues that this Court is bound by facts which have been decided by a jury and that anticipation and obviousness are "basic factual inquiries" in accord-

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<sup>48</sup>Adkins' "restated" question 12 is the counterpart to question 3 of the Questions Presented, but misstates the issues presented by question 3 by expanding the question beyond the simple question of law raised by Lear's question 3.

ance with his construction of this Court's decision in *Graham v. John Deere Co.* (1966), *supra*.<sup>49</sup> This construction is incorrect because in the *Graham* case this Court determined that obviousness was a matter of law.

What the prior art was and what the patentee did to improve upon it are questions of fact, which may become questions of law if structures are undisputed and are understood by the Court. Whether what the patentee did to improve upon the prior art constitutes invention is a question of law under either the anticipation or the obviousness test. *Bergman v. Aluminum Lock Shingle Corp. of America* (9th Cir. 1958) 251 F.2d 801, 812. \*

Accordingly, Lear is not seeking to have this Court review questions of fact which were decided by the jury, as Adkins contends. Lear is seeking the determination of a federal question of law as to whether the simple combination of three concededly old elements in the bearing-supporting apparatus art satisfies the requirements for patentable invention, based on facts which are similar to those reviewed by this Court in considering the validity of the combination patent in the case of *Great A. & P. Tea Co. v. Supermarket Equip. Corp.* (1950), *supra*.

Adkins also argues that any determination of the issue of patentability or validity should be upon remand to the California Supreme Court.<sup>50</sup> In support of this argument he relies on two cases that are not in point, *Abbott Laboratories v. Gardner* (1967) 387 U.S. 136, and *Oklahoma Natural Gas Co. v. Russell* (1923),

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<sup>49</sup>R. Br. 88.

<sup>50</sup>R. Br. 88.

261 U.S. 290. Adkins ignores the more applicable case of *Great A. & P. Tea Co. v. Supermarket Equip. Corp.*, *supra*, where Mr. Justice Douglas stated in his concurring opinion:

"... The question of invention goes back to the constitutional standard in every case. We speak with final authority on that constitutional issue as we do on many others." 340 U.S. 147, 156

In the *Abbott Laboratories* case federal questions were being determined by the Federal courts. The district courts had ruled on the merits of the case, while the Court of Appeals held that there was no actual case or controversy and reversed the case without considering the merits. This Court found that there could be a pre-enforcement review of the Federal regulations involved therein, and that the decision by the Federal district court should more properly be reviewed by the Court of Appeals than by this Court. In the *Oklahoma Natural Gas* case, the plaintiffs were Oklahoma corporations operating under state law and had applied to the state supreme court for relief. As a part of this relief, the plaintiffs had requested a supersedeas pending the appeal in the state supreme court, which request was denied. The plaintiffs thereupon applied to the Federal district court for temporary injunctions. The Federal district court, however, did not rule on the merits on the ground that the bill was prematurely brought. This Court, however, found that the bill had not been prematurely brought, and that the Federal district court did have jurisdiction to consider the matter. Accordingly, since the merits of the case had not yet been considered by any court, this Court remanded the matter to the Federal district court with directions to proceed to trial.

However, in the instant case, there has been a trial on the merits and there has been a finding of invalidity of Adkins' patent as a matter of law as not meeting the standard of invention to satisfy the Constitutional standard. This question of federal law need not be returned to the state courts for determination, but may be decided by this Court without going beyond the prior art patents themselves.

In the argument on the question of validity, Adkins does not at any time refer to the claims of his patent, but rather sets forth a newly defined invention contrived for appeal purposes only. In setting forth his contrived patented invention<sup>51</sup> Adkins relies solely on testimony<sup>52</sup> concerning Lear's gyros which are, of course, the accused infringing products. Thereafter, Adkins employs this newly-contrived invention in his chart marked Figure 1, and again he ignores the claims of the patent. If he had discussed the invention on the basis of the claims of the patent it would be obvious that the purported invention is invalid as a matter of law. Yet the scope of every patent is limited to the invention described in the claims read in the light of the specification. *Motion Picture Patents Company v. Universal Film Manufacturing Company* (1917), 243 U.S. 502, 510.

The trial court first construed Adkins' patent as a matter of law as it was required to do (*Coupe v. Royer* (1895), 155 U.S. 565) and then compared that invention with the background skill of the calling evidenced by the prior art patents (A-I. 74-82). The invention as so construed by the trial court is completely con-

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<sup>51</sup>R. Br. 102, 103.

<sup>52</sup>R.T. 379-381, 1492-1493.



sistent with the specification of Adkins' patent, while Adkins' contrived invention is not. For example, Adkins argues that the patented device utilizes a "permissive cooperation" among three concededly old elements.<sup>53</sup> The trial court found that the "asserted novelty of . . . [Adkins'] invention is the coacting relationship of a pair of surfaces" and that in the "device the inner element is capable of angular movement only." (A-I.76) The claim of the patent (Fig. 2 opposite page 52 of Lear's opening Brief) calls for a "mounting surface" on the bearing-receiving element or bearing cup and "supporting surfaces" on the supporting means to permit the bearing-receiving elements (what the trial court termed "the inner element") to be initially adjustably shifted into oriented position.

The claims of the patent call for coacting surfaces and the specification of the patent teaches the use of coacting surfaces, yet in his brief Adkins does not discuss coacting surfaces but refers to a nebulous "permissive cooperation" between elements.<sup>54</sup>

As stated in the patent, the bearing-receiving elements have a surface the shape of a portion of a sphere "adapted to seat against" the conical surface of the supporting means or the sockets in the gimbals.<sup>55</sup> The patent further teaches that because of the conical shape of the one surface and the spherical shape of the other surface, alignment can be accomplished by a rotating motion, i.e., angular tilt when the surfaces are engaging.<sup>56</sup>

<sup>53</sup>R. Br. 102.

<sup>54</sup>R. Br. 102.

<sup>55</sup>A-II.23, Ex. 10, Col. 7, lines 32-37.

<sup>56</sup>A-II.23, Ex. 10, Col. 7, lines 39-45.

Thus, since Adkins' whole argument is based on a contrived invention rather than the claimed invention construed in view of the specification or teachings of the patent, it is not relevant to the issue of whether Adkins' claimed invention rises to the level of invention to satisfy the Constitutional standard noted in the *A. & P. Tea* case and in the *Graham* case. Even though the argument is irrelevant, we feel compelled to consider it to point out certain misstatements and fallacies.

In considering the prior art, Adkins discusses<sup>57</sup> the question of anticipation of his contrived invention under 35 U.S.C. §102, and he avoids the question of obviousness under 35 U.S.C. §103, which requires a consideration of the prior art as a whole and not on an item-by-item basis.

In discussing the individual prior art patents for a consideration of the issue of anticipation, Adkins again makes many misstatements of fact, beginning with the one of the heading of the subsection D<sup>58</sup> that the uncontradicted evidence showed major differences between Adkins' patent and every prior art patent.<sup>59</sup> Additionally, the primary testimony relied on by Adkins is that of Mr. Lee, who was a partner in the firm that had represented Adkins at least since 1952 and that prepared Adkins' application for patent in 1953. Mr. Lee withdrew as counsel for Adkins near the end of the trial to

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<sup>57</sup>R. Br. 105-117. Figure 1 opposite p. 105.

<sup>58</sup>R. Br. 105.

<sup>59</sup>Since this matter is not directly relevant to the issue of validity before this Court, Lear will not discuss it in detail herein, but refers this Court to pages 159-200 and 284-328 of its "Respondent's and Cross-Appellant's Opening Brief" for a detailed discussion of this testimony.

act as an expert witness for Adkins. The trial judge found the testimony of this expert and Adkins' other experts not to be persuasive.<sup>60</sup>

The last subsection E of Adkins' argument on validity is directed to the secondary considerations of commercial success, etc. However, this whole subsection does not support the validity of Adkins' patent since Adkins again relies on the success of Lear's gyro products, which, as will be shown in Section V hereafter, do not infringe Adkins' patent and therefore do not use Adkins' invention.

## V.

### THE GROUNDS ON WHICH ADKINS SEEKS TO JUSTIFY THE ENFORCEMENT OF THE PATENT BY THE COURT BELOW IS IN CONTRAVENTION OF THE REQUISITE UNIFORMITY OF THE PATENT LAWS.

Lear's Point IV A of its opening brief and the related question 4(a) assert that a state court may not, consistently with the uniformity of federal patent laws, ignore defenses, such as fraud on the Patent Office, available in an infringement suit, in enforcing a patent in the state courts.

Adkins' Point V B attempts to justify the holding by the court below by merely making an independent analysis of the matter added to the specification by amendment, while ignoring the effect of the statements that defenses, such as fraud on the Patent Office, were inapplicable in a state court action for the enforcement of a patent under an agreement.<sup>61</sup>

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<sup>60</sup>R.T. 2595.

<sup>61</sup>Adkins' question 9 is the counterpart of Adkins' argument in Point V B of his brief. Adkins discussed this question in his  
(This footnote is continued on the next page)

Lear's Point IV B and the related question 4(b) assert that a state court may not, consistently with the uniformity of federal patent laws, ignore basic criteria of federal patent law relating to interpretation of scope of a patent and infringement of a patent which would be applicable in any other proceeding for the enforcement of the patent.

Adkins' Point VI seeks to justify the conclusion by the court below that the doctrine of file wrapper estoppel was inapplicable, ignores the new principle of construction employed by the state court which directly conflicts with the patent laws, and attempts to justify the finding of infringement by the court below by misstating the basic facts upon which a finding of infringement must be based.<sup>62</sup>

**A. Adkins' Attempt to Justify the Holding by the Court Below That Defenses, Such as Fraud on the Patent Office, Are Not Available in an Action to Enforce a Patent Under a License Agreement, Is in Contravention of the Patent Laws.**

Adkins argues that the ruling by the court below decided the issue of fraud on the Patent Office.<sup>63</sup> However, the court below held that:

"First, this is not a suit in which Adkins is attempting to enforce his patent as such, and we

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validity argument (his point V), but since it was originally discussed in Point IV A of Lear's opening Brief as an improper extension of the patent monopoly it will again be discussed in this context.

<sup>62</sup>Adkins' questions 10, 11, and 13 are covered by Adkins' Point VI. However, these questions, which are purportedly restatements of Lear's questions 4(a) and 4(b), misstate the issues involved and are based upon erroneous assumptions such as "uncontradicted evidence" in Adkins' favor which in actuality is uncontradicted in Lear's favor.

<sup>63</sup>R. Br. 101.

are not concerned with defenses which might be available to Lear in the determination of questions of validity and infringement. The cause is based on rights emanating from a written agreement, and the patent itself is referred to only for the purpose of determining whether Lear used the invention therein set forth.<sup>35</sup> . . . <sup>35</sup>This reasoning also applies to other assertions by Lear that Adkins perpetrated fraud upon the Patent Office." (A-I.209)

The statement by the court below that the patented apparatus falls within the scope of the initial application (A-I.197), which is relied upon by Adkins to show that new matter was not added, does not take into consideration whether the scope of the claimed invention was enlarged, hence it is not relevant to the issue of new matter. The statement is also incorrect as a matter of law to the extent the court construed the language added by the amendment of December 19, 1958, to cover elements of any desired configuration which will permit angular adjustment (A-I.196). This is because the configuration attempted to be covered was in products sold more than two years before the amendment.

The original specification and all claims up to January 21, 1958, disclosed and claimed surfaces that were "engaging", or surfaces where one was "adapted to seat against" the other or one surface was "bearing there-against" the other, with these cooperating surfaces having the capability of angular tilt or relative angular movement (A-II.33-80, Ex. P, 1-49, R.T. 1328). Thus, the shape of the parts up to this time was such that there had to be cooperating surfaces that would permit



angular tilt for alignment when one surface was engaging or bearing against the other. The particular example of such surfaces used by Adkins to describe his invention was a spherical surface engaging a conical surface which necessarily forms the familiar ball-in-socket type joint.

Adkins asserts that the specifications do not expressly or even by implication require any one particular shape to accomplish the desired alignment.<sup>64</sup> However, the doctrine of equivalents limits the shapes, as a matter of law, to those that will cooperate when engaging or mating to permit angular tilt for alignment. *Graver Tank & Mfg. Co. v. Linde Air Products Co.* (1950) 339 U. S. 605.

Adkins makes the accusation (R. Br. 97) that Lear wrenches the word "engaging" out of context in asserting that contact was contemplated. However, a mere review of all claims in the application before the January, 1958 amendment and of the specification itself, shows that Adkins originally considered contact between the elements to be part of his invention. Additionally, the trial judge, in construing the patent as a matter of law held that "to separate the parts" would strip Adkins' invention of its assigned functions and instead of practicing the invention, it would be ignored.<sup>65</sup>

It was only by the new matter added to the specification by the amendment of December 19, 1958<sup>66</sup> and the claims thereafter based on such matter that Adkins changed to no contact and elements of any configura-

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<sup>64</sup>R. Br. 95.

<sup>65</sup>A-I.76.

<sup>66</sup>A-II.90, Ex. P, 58, R.T. 1328.

tion. This was an obvious attempt to cover the Michigan steel gyros after Lear had repudiated the agreement as far as these gyros were concerned on the ground that Adkins' application did not cover these gyros.<sup>67</sup>

The Patent Office had no way of knowing of the sales of the Michigan steel gyros, which sales were a statutory bar to the claiming of the structure of these gyros (35 U.S.C. §102), at the time of the attempt to change the specification and claims to cover the structure of these gyros. Therefore, the Patent Office could not consider whether the matter was barred by these sales. *Muncie Gear Works, Inc. v. Outboard Marine & Mfg. Co., Inc.* (1942), 315 U. S. 759; *Aetna Steel Products Corporation v. Southwest Products Company* (9th Cir., 1960) 282 F. 2d 323. However, Adkins did have such knowledge and it is this fact that forms the basis for the assertion of fraud on the Patent Office.

Furthermore, at the time of adding the matter to the specification, Adkins represented that it was not new matter and also filed oaths to this effect.<sup>68</sup> Now, however, by referring to language added by the amendment of December 19, 1958, Adkins asserts that contact is not required and that the claims cover elements having any configuration. The insertion of matter under the umbrella of a representation that it does not change the invention and then relying on this added language later in an attempt to cover different structures is fraud as a matter of law.

In addition to relying on the matter added by the amendment of December 19, 1958, to broaden the con-

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<sup>67</sup>A-II.26, Ex. 36, R.T. 505.

<sup>68</sup>A-II.94, 104, Ex. P. 62, 72, R. T. 1328.

figuration of the elements and to separate the parts, Adkins has to rely on this matter to support his assertions that the bearing cups (bearing-receiving elements) can be aligned without the bearings in place and that the bearings are replaceable. The original specification does not disclose these features, yet Adkins relies upon such features in his Argument concerning distinctions over the prior art.<sup>69</sup>

**B. The Grounds on Which Adkins Seeks to Justify the Conclusion by the Court Below That the Doctrine of File Wrapper Estoppel Was Inapplicable Is in Contravention of Basic Criteria of Federal Patent Law.**

Adkins endeavors to make an independent analysis of the file history to support the court's construction of the claims, rather than answering Lear's Argument that the court was required to consider the file wrapper, but refused to do so.

Adkins' analysis of the file history is incorrect as a matter of law. Adkins' initial assertion regarding the file history concerns what was in original claim 9 filed on February 15, 1954. On page 123 Adkins asserts that original claim 9 "was an apparatus claim claiming a structure which did not impose any shape limitations on the bearing cups or receiving holes." In the first place, original claim 9 does not call for a bearing cup and additionally, original claim 9 and in fact the entire application, never called for receiving holes. Original claim 9 is directed solely to the alignment of a bearing without a bearing cup.<sup>70</sup>

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<sup>69</sup>R. Br. 103, 105.

<sup>70</sup>A-II.57, Ex. P, 25.

Next, the statement on page 123 concerning amendment B is also incorrect in that the amendment to claim 9 did not require the bearing cup to be convex, but rather required the peripheral curved surface of the bearing to be convex, since there was no bearing cup.<sup>71</sup> Furthermore, amendment B did not require the receiving hole to be concave because there was no receiving hole, but rather required the mating surface of the bearing-receiving member to be concave.

Moreover, Adkins' purported construction of the allowed claims in view of the file history is in direct derogation of the criterion enunciated by this Court in *Schriber-Schroth Co. v. Cleveland Trust Co.* (1940), 311 U.S. 211, 221 that:

"... Where the patentee in the course of his application in the patent office has, by amendment cancelled or surrendered claims, those which are allowed are to be read in the light of those abandoned and an abandoned claim cannot be revived and restored to the patent by reading it by construction into the claims which are allowed ..."

On page 124 of his brief, Adkins attempts to revive the abandoned claims 23, 24, and 26, which called for generally circular apertures in the supporting member (which is the configuration utilized in the Michigan steel gyros), by reading this configuration into allowed claim 9. This is exactly what is condemned by the *Schriber-Schroth Co.* case.

Adkins cites the cases of *Smith v. Snow* (1935), 294 U.S. 1; *Westinghouse Electric Mfg. Co. v. Condit Elec-*

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<sup>71</sup>A-II.57, 77, Ex. P, 25, 45.

*tric Mfg. Co.* (1911), 194 Fed. 427; and *Joints, Inc. v. Garret* (S.D. Cal. 1952), 102 Fed. Supp. 760, for the proposition that the doctrine of file wrapper estoppel does not apply where the allowed claims are new and broader claims. However, even if these cases stand for this proposition, they are not applicable here where the allowed claims are narrower than the claims Adkins is attempting to revive. The claims that Adkins is attempting to revive, i.e., claims 23, 24, 26, are broader in that the elements do not have any particular surfaces but rather one element has an aperture and the other element only had to be adapted to fit within the aperture. Thus, the cases cited are inapplicable.

Moreover, these cases are inapplicable on another ground because they deal with the situation where claim language is broadened on the basis of the original specification and not where the original specification was altered by amendment to enlarge its scope, which is the circumstance here.

Finally, Adkins' attempt to construe the allowed claims in view of the file history and to consider whether there is a file wrapper estoppel does not alter the fact that the court below ignored the basic criteria of federal patent law which requires a consideration of the file history and the doctrine of file wrapper estoppel in construing and enforcing a patent.

The California Supreme Court's ruling that "there is no basis for an estoppel because the particular claims at issue had not been previously rejected and thus had



not been limited by Adkins as the result of a prior rejection"<sup>72</sup> would permit an unwarranted extension of a patent monopoly in California if permitted to stand. By filing a new set of claims, at the end of the proceedings before the Patent Office, a patentee who enforces his patent under California law would be able to avoid one of the most basic criteria that is applicable in the enforcement of a patent in the federal courts.

**C. The Argument in Adkins' Brief Does Not Consider the New Principle of Construction Employed by the Court Below in Contravention of the Federal Patent Laws.**

Adkins in no way addresses himself to the erroneous new principle of construction employed by the California Supreme Court or to the fact that this new principle of construction runs counter to the basic principle of patent law that the invention of a patent cannot cover prior art. When considering the configuration of the elements in the different apparatus for supporting bearings, as the California Supreme Court purported to do in applying its new principle of construction, the claims are given such a broad interpretation that they are invalid as covering prior art. The court stated:<sup>73</sup>

"We are unable to discern any specific or inferential language of exclusion of the configurations utilized in the steel gyros."

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<sup>72</sup>A-I.197.

<sup>73</sup>A-I.196.

However, reference to the chart of Figure 8 opposite this page wherein the configuration of the elements in Adkins' patent, the Michigan steel gyros, and the Schwan patent are compared to claim 9 of Adkins' patent, as previously done verbally (pp. 59, 60, and 76-77 of Lear's Opening Brief), shows that the application of the new principle of construction developed by the court below renders Adkins' claims invalid as covering prior art, such as that of the Schwan patent. If the Michigan steel gyros are not excluded, neither is the apparatus of the Schwan patent.

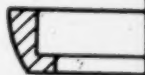
Since the California Supreme Court ignored certain basic criteria in contravention of the federal patent laws in making its determination of infringement of Adkins' patent, the question of infringement must be decided anew. This question may be decided by this Court merely by comparing the invention claimed and described in Adkins' patent with the Michigan steel gyros in accordance with the rule that infringement, in such a case, can be determined as a matter of law as recognized in *Singer Manufacturing Co. v. Cramer* (1904) 192 U.S. 265.

## CLAIM 9

An apparatus for supporting bearings in aligned relationship which comprises.

- a. a pair of bearing-receiving elements each providing means to removably support a bearing in a fixed relationship with said element.
  - a. each of said bearing-receiving elements having a mounting surface by which it may be supported,
- b. means for supporting said bearing-receiving elements at opposed relatively spaced positions,
  - b. said supporting means providing supporting surfaces generally corresponding to said mounting surfaces and permitting said elements to be initially adjustably shifted relative to said supporting means into oriented positions where said bearing-supporting means are in alignment with each other.
- c.\* and means to retain said bearing-receiving elements in said oriented positions to permit pairs of bearings to be interchangeably mounted in aligned relationship supported by said bearing supporting means.

\*Not shown on Adkins patent drawing, but described as solder, cement, weld, screws, etc. (Col. 7, lines 48 & 49 of Ex. 10) or generally as securing in place either mechanical or by cementing (Col. 2, lines 56 & 57 of Ex. 10).



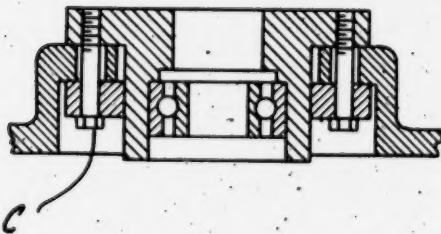
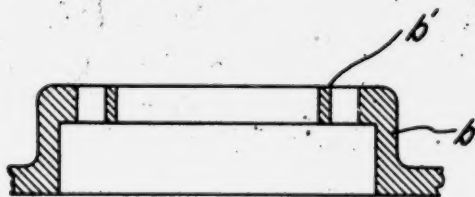
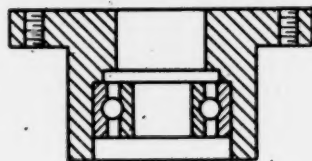
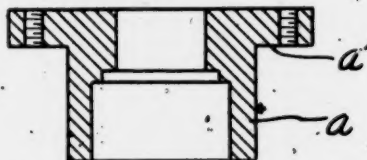
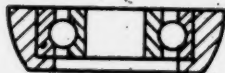
CLAIM 9

An apparatus for supporting bearings in aligned relationship which comprises.

- a. a pair of bearing-receiving elements each providing means to removably support a bearing in a fixed relationship with said element,
  - a.' each of said bearing-receiving elements having a mounting surface by which it may be supported,
- b. means for supporting said bearing-receiving elements at opposed relatively spaced positions,
  - b.' said supporting means providing supporting surfaces generally corresponding to said mounting surfaces and permitting said elements to be initially adjustably shifted relative to said supporting means into oriented positions where said bearing-supporting means are in alignment with each other.
- c.\* and means to retain said bearing-receiving elements in said oriented positions to permit pairs of bearings to be interchangeably mounted in aligned relationship supported by said bearing supporting means.

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\*Not shown on Adkins patent drawing, but described as solder, cement, weld, screws, etc. (Col. 7, lines 48 & 49 of Ex. 10) or generally as securing in place either mechanical or by cementing (Col. 2, lines 56 & 57 of Ex. 10).





## CLAIM 9

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a pair of bearing-receiving elements each providing means to removably support a bearing in a fixed relationship with said element.

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means for supporting said bearing-receiving elements at opposed relatively spaced positions,

b. said supporting means providing supporting surfaces generally corresponding to said mounting surfaces and permitting said elements to be initially adjustably shifted relative to said supporting means into oriented positions where said bearing-supporting means are in alignment with each other.

and means to retain said bearing-receiving elements in said oriented positions to permit pairs of bearings to be interchangeably mounted in aligned relationship supported by said bearing supporting means.

as shown on Adkins patent drawing, but used as solder, cement, weld, screws, etc. (Ex. 10, lines 48 & 49 of Ex. 10) or generally as fasteners in place either mechanical or by cement (Ex. 10, lines 56 & 57 of Ex. 10).

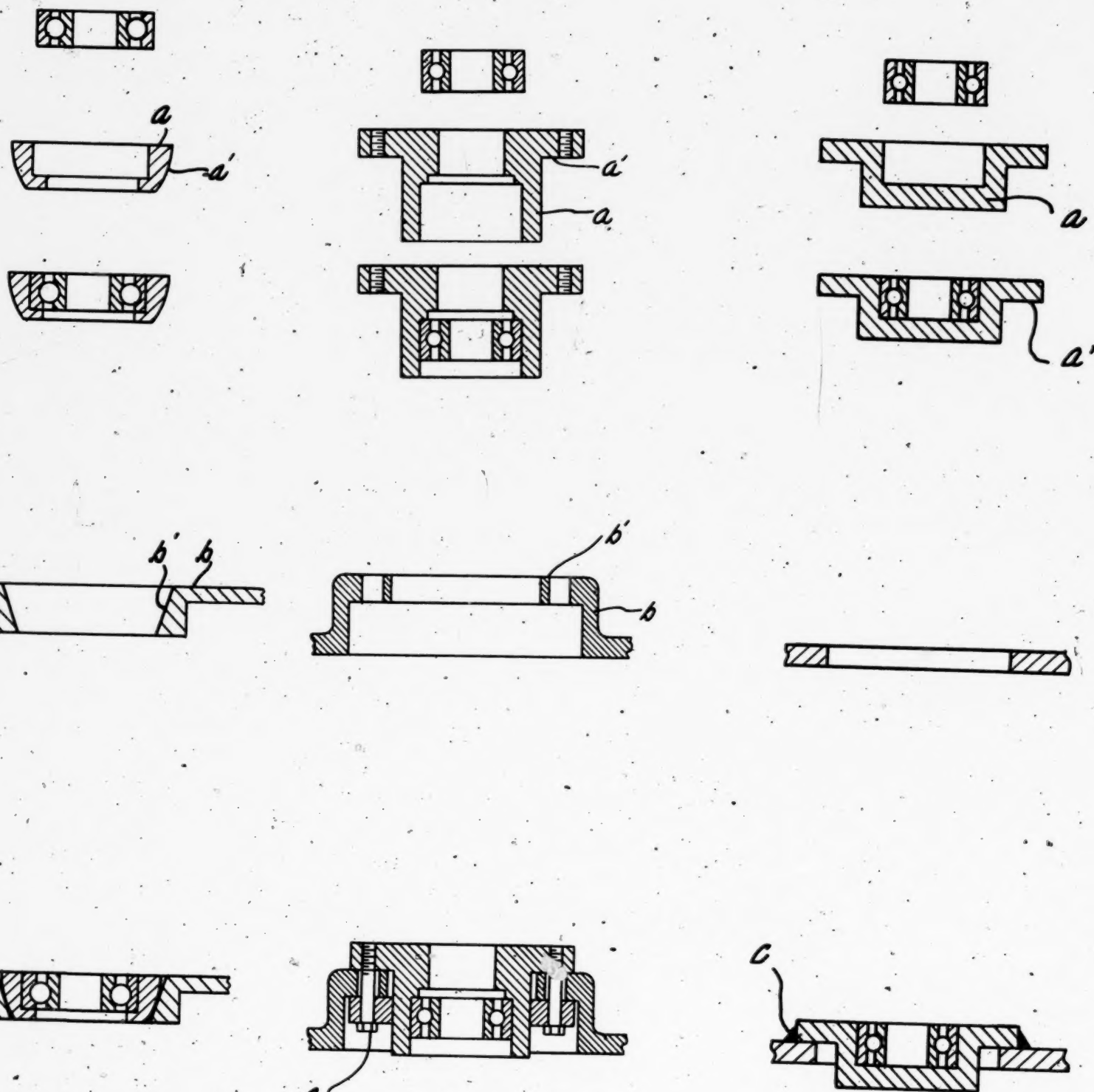


Figure 8



**D. Under Adkins' Own Construction of the Patent There Is No Infringement as a Matter of Law Since All of the Substantial Evidence Is That the Alignment in the Michigan Steel Gyros Is Not Accomplished by Angular Tilt.**

The claims of Adkins' patent are merely directed to apparatus for supporting bearings<sup>74</sup> employing three concededly old elements, and not to some highly sophisticated device, as Adkins would like to have this Court believe.

Adkins states that every witness was in agreement that the patent teaches and claims angular tilt to accomplish alignment.<sup>75</sup> The California Supreme Court further elaborated on this and stated that the alignment of the bearing cups in the Adkins patent can be accomplished only by the angular displacement of the two cups to the axis of the mandrel.<sup>76</sup> In the Michigan steel gyros angular tilt of the bearing cups to the axis of the mandrel to accomplish alignment is impossible, and the Michigan steel gyros do not infringe the claims of the patent as a matter of law.

The error by the California Supreme Court in finding that angular adjustment of the bearing cups to the axis of the mandrel accomplished alignment in the Michigan steel gyros is most easily seen on Figure 9

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<sup>74</sup>A-II.23, 24, Ex. 10, Col. 8, lines 31-34.

<sup>75</sup>R. Br. 128.

<sup>76</sup>A-I.198.

opposite this page, wherein the alignment movement taught in Adkins' patent is compared with the lack of movement to accomplish alignment in the Michigan steel gyros, with the Michigan steel gyros drawing being taken from Fig. 7 of Lear's opening brief. The alignment in the Michigan steel gyros is not accomplished by angular tilt or any other movement of the bearing cups relative to the axis of the mandrel, but rather by, imparting the alignment of the mandrel to the bearing cups through the affixing of the bearing cups to the opposite ends of the mandrel.

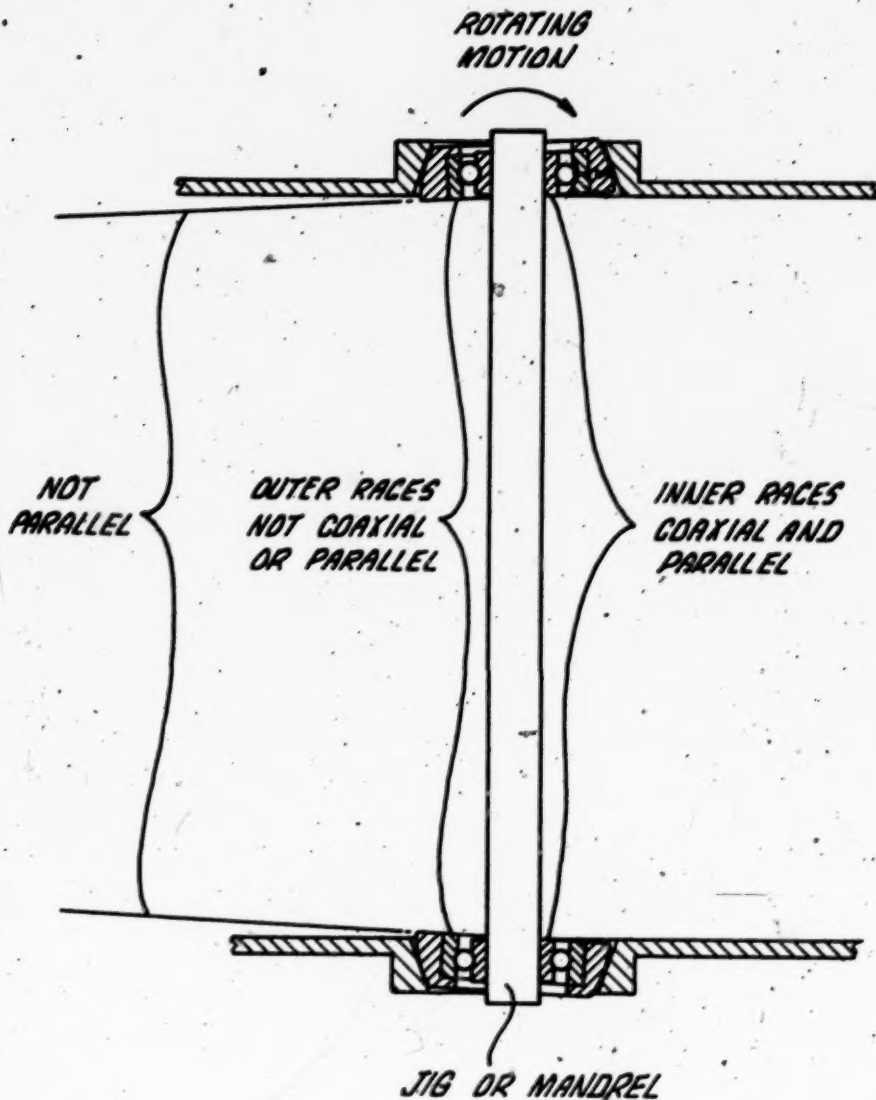
The court below was misled and now Adkins attempts to similarly mislead this Court by misstating the facts at pages 128-130 of his brief as to how the alignment is accomplished in the Michigan steel gyros. Adkins asserts that it is uncontradicted in the testimony that angular tilt accomplishes alignment in the Michigan steel gyros. However, Adkins' own Exhibit 59<sup>77</sup> states that

"the Grand Rapids method does not require any rocking action [angular tilt] for alignment . . . This position is supported by the fact that the mandrel establishes an accurate center line between the two seats mounted thereon, so that regardless of any play between the holes of the casing and the seats, the center line remains. Stated otherwise, the accurate fit between the mandrel and the bearing seats dispenses with any need of rocking [angular tilt] to cause alignment."

Adkins himself testified that the parallel and coaxial alignment in the Michigan steel gyros is affected by the

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<sup>77</sup>Offered R.T. 1598, 1865; admitted R.T. 1870.



"The jig used in aligning the bearings may be very simple and in one form takes the shape of a cylindrical rod upon which the bearings are slid preparatory to mounting in their supports. The rod is, of course, accurately formed to be round, without taper, and straight." (A-II. 23, Ex. 10, Col. 7, lines 54-58.)

"Bearings that are used in gyros have inner and outer races . . . there is a looseness between the inner race and outer race." (R.T. 2488.)



# TING ON

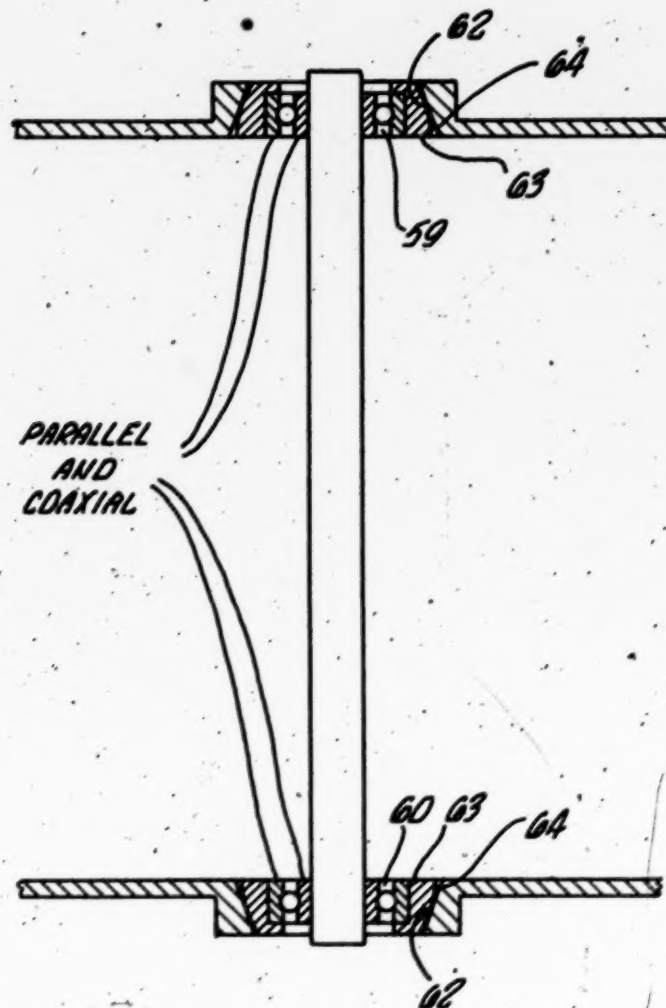


# INNER RACES COAXIAL AND PARALLEL

**MANDREL**

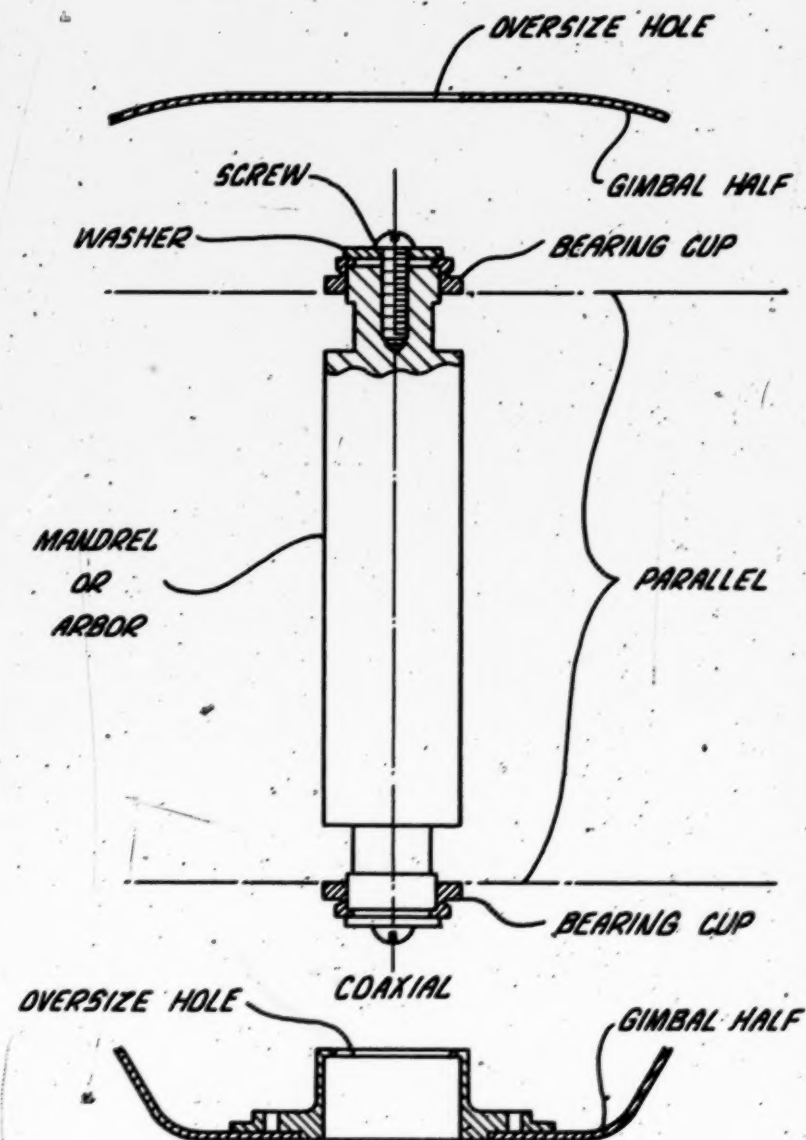
e bearings may be very simple  
ape of a cylindrical rod upon  
eparatory to mounting in their  
accurately formed to be round,  
A-II. 23, Ex. 10, Col. 7, lines

gyros have inner and outer  
s between the inner race and



"The bearings 59 and 60 are in turn secured to insert elements 63 each having an annular peripheral surface 64 of the shape of a portion of a sphere, adapted to seat against the conical surface 62. . . . Because of the conical shape of the surface 62 and the spherical shape of the peripheral surface 64 of the inserts, the axis of each bearing may be properly oriented by a rotating motion applied to the race. This latter motion can be easily accommodated by the engaging surfaces in view of their different curved shapes." (A-II. 23, Ex. 10, Col. 7, lines 34-35; Fig. 2 of Opening Brief.)

## MICHIGAN STEEL GYRO



As a matter of simple mechanics, no relative movement between the bearing cups, no movement of either bearing cup to the axis of the mandrel, and no relative movement between either bearing cup and its associated gimbal half accomplishes or has anything to do with alignment.

The bearing cups are aligned once they are affixed to the mandrel. (Ex. 59, R.T. 1865, 2489-2493, 1447, 1214, 346, 347.)



mandrel or arbor.<sup>78</sup> Messrs. Ferrill and Carpenter also testified that rocking or angular tilt had nothing to do with accomplishing alignment in the Michigan steel gyros.<sup>79</sup>

Moreover, in another one of Adkins' exhibits<sup>80</sup> there is the statement:

"... Adkins teaches the practice of rotating the bearing seats for alignment purposes, but that the mandrel used in the Grand Rapids method maintains the centerline between the two seats and it is merely necessary to move the mandrel to position the seats in the holes in the support for cementing."

After misstating the fact about how the alignment is accomplished in the Michigan steel gyros, Adkins states on page 129 that it is uncontradicted in the record that the literal language of claim 9 reads directly on all four steel gyros. This again is a misstatement of fact, since Mr. Ferrill, whom the trial judge found to be eminently qualified as a patent expert, and who had worked as an engineer on instrument landing systems at Sperry Gyroscope Company and on technical reports on gyro verticals and directional gyros at Sperry, and who had been a department head in the patent department at Sperry,<sup>81</sup> testified that the steel

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<sup>78</sup>R.T. 2489, 2491, 2493.

<sup>79</sup>R.T. 1213, 1214, 1465-1450.

<sup>80</sup>Ex. 55, offered R.T. 1598, admitted R.T. 2112. This is a report written by Perry E. Turner who was at the time of the trial a partner in Mr. Lee's law firm and who was at the time of writing the report on April 15, 1955, a patent agent in the employ of Lear and who left the employ of Lear in December, 1957 to join Mr. Lee's law firm where he thereafter actively participated in the prosecution of Adkins' application for patent.

<sup>81</sup>R.T. 1271-1275, 1387-1391.

gyros did not infringe the claims of Adkins' patent under any possible theory.<sup>82</sup> Furthermore, the trial judge, in a colloquy, stated that the opinions of Adkins' experts, Messrs. Lee and Chesnut, were not persuasive.<sup>83</sup>

Moreover, this testimony does not even need to be considered, because as the trial judge stated "I do not see how as a matter of law, interpretation, logic or mechanics you can see any similarity in the Adkins (patented) device and the Michigan device" (R.T. 2596). It is clear from Figure 9 opposite page 50 that the issue of infringement may be decided as a matter of law by a simple comparison of the apparatus of the claims and description in Adkins' patent and the apparatus of the Michigan steel gyros.

Adkins further asserts, beginning at page 131, that the Michigan steel gyros are covered under the doctrine of equivalents. However, reference to Figure 9 also shows that the elements in the Michigan steel gyros are not aligned in the same way as the elements in Adkins' claims. Accepting Adkins' construction of the claims, angular movement of the bearing cup relative to the axis of the mandrel accomplishes the alignment. This movement is physically impossible in the Michigan steel gyros.

Moreover, as stated by this Court in *Graver Tank & Manufacturing Company, Inc. v. Linde Air Products*

<sup>82</sup>R.T. 1409-1416.

<sup>83</sup>R.T. 2595. Mr. Chesnut was not an attorney and was found to be not qualified as a patent expert (R.T. 2223-2239). Mr. Lee was a member of the firm that had represented Adkins since 1952 (Ex. X for identification, R.T. 1028), which was the firm that had filed and prosecuted the application for the patent involved herein (A-II.30, 67, Ex. P, 35) and which represented Adkins throughout most of the trial until Lee withdrew to testify on behalf of Adkins (R.T. 2315-2316).

(1950), *supra* where the doctrine of equivalents was employed, the doctrine may also be used to restrict the claim and defeat the action for infringement. This is the case here since in the Michigan steel gyros the alignment is accomplished in a substantially different way from the angular tilt of the bearing cup to the axis of the mandrel to accomplish alignment in Adkins' patent.

Adkins states at pages 132-134 that since Lear concedes that the claim of Adkins' patent covers the Model 2156 gyro, then the Michigan steel gyros must be covered. This statement by Lear on page 69 of its opening brief was based on the ground that the apparatus for supporting bearings in the Model 2156 gyro has spherical and conical surfaces that cooperate, when engaged, to permit angular motion before the parts are cemented. After the parts are positioned and affixed in place it does not matter how they got into position, and the same goes for the elements in the Schwan, Grenat, and Moody patents. Adkins states in the middle of page 132 that Ferrill testified that the holes in the gimbal halves of the Michigan steel gyros might approach the conical. This is a blatant misstatement, because Ferrill testified that the holes are substantially cylindrical.<sup>84</sup>

As a matter of law, Lear's Michigan steel gyros do not infringe the claims of Adkins' patent under any theory. This is a basic issue under the license agreement which requires the payment of royalties if Lear's products incorporate Adkins' patented invention, i.e., infringe the claims of Adkins' patent. Since the question of infringement is a question of federal law, this question should be decided by this Court.

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<sup>84</sup>R.T. 1418-1419.



VI.

THE CUT-OFF DATE FOR  
PAYMENT OF ROYALTIES.

Adkins Point IV<sup>85</sup> discusses the date to which Lear should be required to account to Adkins for royalties if Adkins' alleged invention is held to be unpatentable or if his patent is invalid. The cut-off date for royalties is so clearly established by general legal principles and by the authorities that Lear found it unnecessary to discuss this subsidiary question in its opening brief.

Adkins' conclusion that "elemental principles of equity as well as logic" would require payment of royalties until the date when a court of last resort holds the patent invalid, has no support in legal precedent, in equity or in logic.

Lear paid royalties to Adkins' in the amount of \$30,735 and accounted for royalties to April 8, 1959, when it notified Adkins that it was terminating the license agreement.<sup>86</sup> Lear is not seeking to recover royalties already paid, but it denies any obligation to pay royalties after the renouncement and attempt to terminate the agreement on April 8, 1959.

Lear, in its opening brief, challenged (1) the enforceability of the agreement or the patent in its Points I and IVA (2) the consideration for the agreement in its Points II and III, and (3) infringement of Adkins' patent by Lear's Michigan steel gyros in Point IVB.

If the agreement (or the patent) is unenforceable (Points I and IVA), Adkins' claim for royalties under

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<sup>85</sup>Directed to Adkins' Question No. 8 which is shown in Annex I to be a subsidiary question as to remedy.

<sup>86</sup>R.T. 771.

the agreement must fail along with the agreement. *Sola Electric Company v. Jefferson Electric Company* (1942), *supra*.

If there is a failure of consideration (Points II and III), that is a complete defense to Adkins' claim for further royalties under the agreement. *Universal Rim Co. v. Scott* (N.D.Ohio, 1922) 21 F.2d 346; *Martin v. The New Trinidad Lake Asphalt Co. Ltd.* (D.N.J., 1919) 255 Fed. 93; *Mudgett v. Thomas* (S.D. Ohio, 1893), 55 Fed. 645; *Crew v. Flanagan* (1954), *supra*; *The Armstrong Company v. Shell Company of California* (1929), *supra*. The cases which Adkins asserts are contrary, such as *Automatic Radio Mfg. Co. v. Hazeltine Research* (1st Cir. 1949) 176 F.2d 799, and *Jungerson v. Kaysen* (1953) 173 Pa. 114, 95 A.2d 347, are based upon different considerations, such as the invalidity of only one of many patents covered by a license agreement.

If Lear's Michigan steel gyros do not infringe Adkins' patent (Point IV B), they are outside the scope of the license agreement and Adkins cannot have any claim for royalties on these products under the agreement.

Adkins addresses his argument only to the issue of failure of consideration in the event that his patent is held invalid. He asserts that part of the consideration was his common law rights in the idea, discovery or invention—to which the license agreement is a complete answer (A-II.1). He also asserts that until the patent

is held invalid by a court of last resort, the consideration does not fail because the licensee has received the right to manufacture under a presumptively valid patent. The complete answer to this assertion is that a patent does not confer the right to manufacture the subject matter of the patent even if the patent is valid, it merely provides the right to exclude others from manufacturing, using or selling the invention if the patent is in fact valid and enforceable. 35 U.S.C. §154.

If the invention of Adkins' patent promotes the progress of science and useful arts, as required by the Constitution, his contribution entitles him to exercise his patent rights. However, if Adkins' contribution does not satisfy the Constitutional standard, he never had the right to exclude others, including Lear, from using it. The license granted to Lear is then completely illusory.

If Adkins' contribution does not satisfy the Constitutional standard required for patentability, general principles of contract law compel the conclusion that Lear is not obligated to pay additional royalties for a consideration that failed.<sup>87</sup> Adkins is not entitled to damages for breach of contract because he contributed nothing that is entitled to patent protection.

The decision of the California Superior Court held that the Constitutional standard was not satisfied (A-I.80, 81), and that decision has not been disturbed,

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<sup>87</sup>Williston on Contracts, 3rd Ed., §§814, 884. Restatement of Contracts §§274, 277.

despite Adkins' assertion that the decision of the Superior Court is a nullity. *Ponce v. Marr, supra*, does not support Adkins, as previously discussed in Section III.

Adkins contends<sup>88</sup> that "to choose any date other than the final judgment of patent invalidity would clearly result in a windfall to Lear and thereby unjustly enrich Lear at Adkins' expense." The contrary is the case. The record contains no evidence of any "windfall" to Lear, and obviously there was none. After repudiation of the license agreement and the cessation of payment of any royalties, the royalty payments which Lear would have otherwise made to Adkins were no longer included in the cost of the gyros, which were sold primarily to the Government. Any such unpaid royalties would clearly have been disallowed if Lear had sought to include them in its costs. Hence, the charges for the gyros thus sold did not include any element of "windfall"; and if, despite a final determination of invalidity, it should now be held that Lear is obligated to pay royalties to Adkins from 1959 until some date in the future in the amount of several millions of dollars,<sup>89</sup> there would be no means for any recoupment by Lear from the Government or others of the amount thus paid, as a cost of gyros sold during that period. Indeed, the "windfall" would be to Adkins, not to Lear.

<sup>88</sup>R. Br. p. 86.

<sup>89</sup>Royalties already amounted to \$904,474.49 on May 31, 1963 according to the jury verdict (A-174).

VII.

**ADKINS' SECOND CAUSE OF ACTION WAS DIS-  
MISSED BY THE CALIFORNIA COURTS AND  
ITS DISPOSITION IS NOT BEFORE THIS COURT.**

Adkins' Point VII seeks to resurrect Adkins' original second cause of action, that asserts a common law misappropriation of the purported invention which is the subject matter of Adkins' patent application.

The issue which this question presents is whether this Court shall remand and direct a trial below of that cause of action if it determines, as a result of patent misuse, that the license agreement is unenforceable, or that as a result of patent invalidity, failure of consideration precludes recovery.

In his second cause of action Adkins asserted misappropriation of eleven ideas, discoveries and inventions (C.T. 596-597, 1404). At the outset of the trial, Adkins waived with prejudice all claims of misappropriation *except as to the invention* which is the subject matter of his patent (R.T. 162-163, 166). The California Superior Court then required Adkins to elect between the first cause of action, which is based solely upon the license agreement, and the second cause of action, which is based upon the common law. Adkins refused to do so. The Superior Court then dismissed the second cause of action (A-I.85), and the California Supreme Court affirmed that portion of the Superior Court's judgment (A-I. 212, 213).

Apart from the fact that nothing in federal law makes mandatory any revival by the California state



courts of the second cause of action, the sustaining of any such cause of action would involve the very clash of state law with federal patent policy which was the basis for this Court's decision in *Sears, Roebuck & Co. v. Stiffel Co.* (1964), *supra*, and *Compco Corp. v. Day-Brite Lighting, Inc.* (1964), *supra*. As stated by the California District Court of Appeal, "To permit Adkins to claim protection of that invention [of his patent] under the common law or any law of this state would be to 'give protection of a kind that clashes with the objective of the Federal patent laws'" (A-I.155).

Dated: November 7, 1968.

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# ANNEX I

## COMPARISON OF LEAR'S "QUESTIONS PRESENTED" WITH ADKINS' "RE Questions of Adkins Related to Lear's Questions.

### Lear's "Questions Presented" in Opening Brief for Petitioner

1. Do the termination provisions of the license agreement, as construed by the California Supreme Court, embody a patent misuse or contravene antitrust policy? (Pet. Brief, Point I)
2. Is it contrary to the purposes and provisions of the patent and antitrust laws for a licensee to be estopped from challenging the validity of the licensor's patent or the patentability of the claims of his application (Pet. Brief, Points II A, B), particularly where
  - (a) the licensee stands out from under the license agreement by notifying the licensor of his refusal to be bound thereby, and asserts failure of consideration because of the invention's non-patentability and the patent's invalidity? (Pet. Brief, Point II C (a))
  - (b) the patentability of the claims of the application is challenged by the licensee before any patent issues? (Pet. Brief, Point II C(b))
  - (c) the license agreement, as interpreted by the Court below, includes a provision which, in the absence of a valid patent, is unenforceable as a restraint of a trade? (Pet. Brief, Point II C(c))
3. Does the record establish as a matter of law the unpatentability of the claims of Adkins' patent application and the invalidity of his patent? (Pet. Brief, Point III)
4. Is it an unlawful extension of the patent monopoly and contrary to federal patent laws for a state court, in enforcing a patent under a license agreement:
  - (a) to ignore basic criteria of federal patent law relating to patent procurement which would be applicable in any other patent-enforcement proceeding? (Pet. Brief, Point IV A)
  - (b) to ignore basic criteria of federal patent law relating to scope and infringement of the patent which would be applicable in any other patent enforcement proceeding? (Pet. Brief, Point IV B)

### Adkins' Questions Similar to Lear's Questions

2. Does the California Supreme Court's construction of the termination provisions of the license agreement violate the patent or antitrust laws or constitute a patent misuse? (Resp. Brief, Point II A)
4. Absent any patent misuse, does the doctrine of licensee estoppel conflict with the policy of either the patent laws or antitrust laws and thereby permit a licensee to question the validity of his licensor's patent? (Resp. Brief, Points III, A, B, C, D)
5. Even if the doctrine of licensee estoppel does not violate the patent and antitrust laws, may a licensee always stand out from under and repudiate a license agreement and then contest patent validity in order to show total failure of consideration? (Resp. Brief, Point III F)
7. Is the doctrine of licensee estoppel different where the license is initially under a patent application and shifts to a license under the claims of an issued patent? (Resp. Brief, Point III G)

### Adkins' Questions Missing by Lear

12. Where a jury has found a reconsider every factual and legal the case to the highest State court the issue of validity? (Resp. Brief)

9. Was "new matter" inserted in inclusion of such new matter could precluding recovery of royalties on new matter? (Resp. Brief, Point)

10. Did the California Supreme for construction of claims, incorporate method claims into the issued application VI (c))

11. Did the California Supreme doctrine of file-wrapper estoppel, case? (Resp. Brief, Point VI. (b))

13. Where the jury finds the patent based on uncontradicted expert testimony independent determination of design relating to mechanical functioning devices and the accused devices?

## ANNEX I

### LEAR'S "QUESTIONS PRESENTED" WITH ADKINS' "RESTATED" QUESTIONS. Related to Lear's Questions.

#### Similar to Lear's Questions

Supreme Court's construction of the termination agreement violate the patent or antitrust law? (Resp. Brief, Point II A)

Does the doctrine of licensee estoppel under the patent laws or antitrust laws and question the validity of his licensor's patent? (A, B; C, D)

Does licensee estoppel does not violate the patent law? Can licensee always stand out from under and then contest patent validity in order to avoid? (Resp. Brief, Point III F)

Does licensee estoppel different where the license is non-exclusive and shifts to a licensee under the license? (Resp. Brief, Point III G)

#### Adkins' Questions Misstating the Issues Presented by Lear's Questions.

12. Where a jury has found a patent to be valid, should this Court reconsider every factual and legal issue relating to validity, or remand the case to the highest State court which has not squarely considered the issue of validity? (Resp. Brief, Point V A)

9. Was "new matter" inserted in the specifications, and, if so, did the inclusion of such new matter constitute fraud on the Patent Office, precluding recovery of royalties where no claim is based on any alleged "new matter"? (Resp. Brief, Point V B)

10. Did the California Supreme Court after correctly stating the rule for construction of claims, incorrectly read any part of the cancelled method claims into the issued apparatus claims? (Resp. Brief, Point VI (c))

11. Did the California Supreme Court after properly stating the doctrine of file-wrapper estoppel, correctly apply it to the facts in this case? (Resp. Brief, Point VI (b))

13. Where the jury finds the patent infringed by the accused device, based on uncontradicted expert testimony, should this Court essay an independent determination of documentary evidence and testimony relating to mechanical functioning of the patented device, the prior art devices and the accused devices? (Resp. Brief, Point VI (a))

#### Questions Raised Only by Adkins.

##### A. The Jurisdictional Question.

1. Was any substantial federal question properly raised in the California courts in order to confer jurisdiction on this Court under 28 USC §1257(3)? (Resp. Brief, Point I)

##### B. Subsidiary Questions as to Remedy.

8. What is the proper cut-off date for accrued royalties if a licensee is not estopped to question the validity of his licensor's patent and the patent is held to be invalid? (Resp. Brief, Point IV)

14. If the license agreement in this case fails because of patent invalidity or enforceability of the agreement, should the case be remanded for a trial on the alternative cause of action for misappropriation in breach of confidence, breach of implied-in-fact contract and unjust enrichment, which was dismissed as moot? (Resp. Brief, Point VII)

##### C. Questions Based Upon Erroneous Assumptions Raising Issues Not Involved in This Case.

3. Does an agreement to pay a royalty for the disclosure of an idea, discovery and invention which is also the subject of a secret patent application and is cancellable if no patent issues, constitute a retroactive misuse of the patent grant under the patent or antitrust laws which renders the license unenforceable? (Resp. Brief, Point II B)

6. Where a licensee bargains not for any particular claims of a patent application, but rather for the right to use the invention disclosed in the specifications of the application and then for issued claims which cover the invention, may he, under the agreement, assert that no claims could issue and challenge the "patentability" of the invention? (Resp. Brief, Point III E)



As the contractual language indicates, Adkins had not obtained a final Patent Office decision as to the patentability of his invention at the time the licensing agreement was concluded. Indeed, he was not to receive a patent until January 5, 1960. This long delay has its source in the special character of Patent Office procedures. The regulations do not require the Office to make a final judgment on an invention's patentability on the basis of the inventor's original application.<sup>2</sup> While it sometimes happens that a patent is granted at this early stage, it is far more common for the Office to find that although certain of the applicant's claims may be patentable, certain others have been fully anticipated by the earlier developments in the art. In such a situation, the Patent Office does not attempt to separate the wheat from the chaff on its own initiative. Instead, it rejects the application, giving the inventor the right to make an amendment which narrows his claim to cover only those aspects of the invention which are truly novel.<sup>3</sup> It often happens, however, that even after an application is amended, the Patent Office finds that some of the remaining claims are unpatentable. When this occurs, the agency again issues a rejection which is subject to further amendment.<sup>4</sup> And so the process of rejection and amendment continues until the Patent Office Examiner either grants a patent or concludes that none of the inventor's claims could possibly be patentable, at which time a final rejection is entered on the Office's records.<sup>5</sup> Thus, when Adkins made his original application in 1954, it took the average inventor more than three years before he obtained a final administrative decision on the patentability of his ideas, with the Patent

<sup>2</sup> 37 CFR § 1.111 (1967).

<sup>3</sup> 37 CFR § 1.106 (1967).

<sup>4</sup> 37 CFR § 1.112 (1967).

<sup>5</sup> 37 CFR § 1.113 (1967).

Office acting on the average application from two to four times.\*

The progress of Adkins' effort to obtain a patent followed the typical pattern. In his initial application, the inventor made the ambitious claim that his entire method of constructing gyroscopes was sufficiently novel to merit protection. The Patent Office, however, rejected this initial claim, as well as two subsequent amendments, which progressively narrowed the scope of the invention sought to be protected. Finally, Adkins narrowed his claim drastically to assert only that the design of the apparatus used to achieve gyroscope accuracy was novel.<sup>7</sup> In response, the Office issued its 1960 patent, granting a 17-year monopoly on this more modest claim.

During the long period in which Adkins was attempting to convince the Patent Office of the novelty of his ideas, however, Lear had become convinced that Adkins would never receive a patent on his invention and that it should not continue to pay substantial royalties on ideas which had not contributed substantially to the development of the art of gyroscopy. In 1957, after Adkins' patent application had been rejected twice, Lear announced that it had searched the Patent Office's files and had found a patent which it believed had fully anticipated Adkins' discovery. As a result, the company stated that it would no longer pay royalties on the large number of gyroscopes it was producing at its plant in Grand Rapids, Michigan (the Michigan gyros). Payments were continued on the smaller number of gyros produced at the company's

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\* Seidel, What the General Practitioner Should Know About Patent Law, at 61 (1956).

<sup>7</sup> Adkins actually amended his application a third time before he made the amendment which gained the approval of the Patent Office. This third amendment was superseded by the successful amendment, however, before the Patent Office considered it.



California plant for two more years until they too were terminated on April 8, 1959 (the California gyros).

As soon as Adkins obtained his patent in 1960, he brought this lawsuit in the California Superior Court. He argued to a jury that both the Michigan and the California gyros incorporated his patented apparatus and that Lear's failure to pay royalties on these gyros was a breach both of the 1955 contract and of Lear's quasi-contractual obligations. Although Lear sought to raise patent invalidity as a defense, the trial judge directed a verdict of \$16,351.93 for Adkins on the California gyros, holding that Lear was estopped by its licensing agreement from questioning the inventor's patent. The trial judge took a different approach when it came to considering the Michigan gyros. Noting that the company claimed that it had developed its Michigan designs independently of Adkins' ideas, the court instructed the jury to award the inventor recovery only if it was satisfied that Adkins' invention was novel, within the meaning of the federal patent laws. When the jury returned a verdict for Adkins of \$888,122.56 on the Michigan gyros,<sup>8</sup> the trial judge granted Lear's motion for judgment notwithstanding the verdict, finding that Adkins' invention had been completely anticipated by the prior art.<sup>9</sup>

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<sup>8</sup> For purposes of the present lawsuit, the parties stipulated that the jury would award only those damages accruing before May 31, 1963.

<sup>9</sup> Adkins also filed a second cause of action which contended that Lear had wrongfully appropriated a valuable trade secret and so was liable regardless of the validity of the inventor's contractual and quasi-contractual theories. The trial court, however, required Adkins to choose between his contract and tort claims. Since the California Supreme Court completely vindicated the inventor's right to contractual royalties, it was not obliged to consider the propriety of this aspect of the trial judge's decision. Consequently, the tort claim is not before us at this time.

Neither side was satisfied with this split decision, and both appealed to the California Court of Appeals, which adopted a quite different approach. The court held that Lear was within its contractual rights in terminating its royalty obligations entirely in 1959, and that if Adkins desired to recover damages after that date he was "relegated to an action for infringement" in the federal courts. 52 Cal. Rptr. 795, 806. So far as pre-1959 royalties were concerned, the court held that the contract required the company to pay royalties on both the California and Michigan gyros regardless of the validity of the inventor's patent. 52 Cal. Rptr., at 809.

Once again both sides appealed, this time to the California Supreme Court, which took yet another approach to the problem presented. The court rejected the Court of Appeals' conclusion that the 1955 license gave Lear the right to terminate its royalty obligations in 1959. Since the 1955 agreement was still in effect, the court concluded, relying on the language we have already quoted, that the doctrine of estoppel barred Lear from questioning the propriety of the Patent Office's grant. 67 Cal. 2d, at 907, 435 P. 2d, at 336. The court's adherence to estoppel, however, was not without qualification. After noting Lear's claim that it had developed its Michigan gyros independently, the court tested this contention by considering "whether what is being built by Lear [in Michigan] springs *entirely*" (emphasis supplied) from the prior art. 67 Cal. 2d, at 913, 435 P. 2d, at 340. Applying this test, it found that Lear had in fact "utilized the apparatus patented by Adkins throughout the period in question." 67 Cal. 2d, at 915, 435 P. 2d, at 341, reinstating the jury's \$888,000 verdict on this branch of the case.

## II.

Since the California Supreme Court's construction of the 1955 licensing agreement is solely a matter of state

law, the only issue open to us is raised by the court's reliance upon the doctrine of estoppel to bar Lear from proving that Adkins' ideas were dedicated to the common welfare by federal law.<sup>10</sup> In considering the propriety of the State Court's decision, we are well aware that we are not writing upon a clean slate. The doctrine of estoppel has been considered by this Court in a line of cases reaching back into the middle of the 19th century. Before deciding what the role of estoppel

<sup>10</sup> Adkins claims that we have no jurisdiction to decide the federal question presented because the company did not adequately preserve it in its argument before the State Supreme Court. We do not agree. While it is true that Lear did not ask the Supreme Court to repudiate estoppel entirely, it did seek to persuade the court to carve out an exception to the estoppel principle which was so sweeping as to undermine the doctrine's vitality completely. The company argued, on the basis of federal as well as state cases, that a licensee may escape the impact of estoppel simply by announcing that it has repudiated the licensing agreement, regardless of the contract's terms. See, e. g., Respondent's and Cross-Appellant's Opening Brief in Cases Nos. 28624 and 30089, at 110-111.

The California Supreme Court rejected this argument on its merits:

"Lear relies on authorities holding that a licensee may terminate a license agreement upon notice to his licensor even though, prior to termination, there has been no adjudication of invalidation of the patent which is the subject of the agreement and that thereafter the licensee may challenge the validity of the patent. (See, e. g., *The Armstrong Co. v. Shell Co. of Cal.* (1929), 98 Cal. App. 769, 778-779). This rule has no application if the agreement sets forth the particular circumstances under which terminations must occur. As stated above, such provisions must be complied with in order to effect a valid cancellation." 67 Cal. 2d, at 899, n. 15, 435 P. 2d, at 331, n. 15.

We clearly have jurisdiction to consider whether this decision is wrong. In doing so, we have the duty to consider the broader implications of Lear's contention, and vindicate, if appropriate, its claim to relief on somewhat different grounds than it chose to advanced below, especially when the California court recognized, in language we have already quoted, *supra*, at 2, that matters of basic principle are at stake.

should be in the present case and in the future, it is, then, desirable to consider the role it has played in the past.

A.

While the roots of the doctrine have often been celebrated in tradition, we have found only one 19th century case in this Court that invoked estoppel in a considered manner. And that case was decided before the Sherman Act made it clear that the grant of monopoly power to a patent owner constituted a limited exception to the general federal policy favoring free competition. *Kinsman v. Parkhurst*, 18 How. 289 (1855).<sup>11</sup> Curiously a second decision often cited as supporting the estoppel doctrine points clearly in the opposite direction. *St. Paul Plow Works v. Starling*, 140 U. S. 184 (1891), did not even question the right of the lower courts to admit the licensee's evidence showing that the patented device was not novel. A unanimous Court merely held that, where there was conflicting evidence as to an invention's novelty, it would not reverse the decision of the lower court upholding the patent's validity.

In the very next year, this Court found the doctrine of patent estoppel so inequitable that it refused to grant an injunction to enforce a licensee's promise never to contest the validity of the underlying patent. "It is as

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<sup>11</sup> There are two other early cases which enforced patent licenses without a thorough consideration of the estoppel issues that were presented. In *Eureka Co. v. Bailey Co.*, 11 Wall. 488 (1870), the Court held that a licensee was obliged to overcome a "very strong presumption" of patent validity in order to avoid his royalty obligations, without indicating how much more compelling a showing was required than was considered necessary in an ordinary infringement action. In *Dale Tile Manufacturing Co. v. Hyatt*, 12 U. S. 46 (1888), this Court affirmed the decision of the New York state courts invoking the doctrine of licensee estoppel, on the ground that the estoppel question presented was one which only involved state law.